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Berisha Addresses Nation on New Year

AU0101150894 Tirana ATA in English 1217 GMT 1 Jan 94

["President Berisha's New Year Address to Albanian People"—ATA headline]

[Text] Tirana, January 1 (ATA)—Dear brothers, sisters, respected compatriots wherever you are, ladies and gentlemen,

Through this address I wholeheartedly wish you a happy new year! May the year 1994 bring joy, happiness, harmony and great prosperity for your families, and your children and friends.

The year which is going out was a good year for us. It was a year of efforts, challenges and successes for the whole Albanian nation. At the age of a nation every minute, hour and day is of great importance. But I would distinguish among all ages that democracy is the most important and it itself has its most significant and decisive moments. The year 1993 was determinant to the reforms program in Albania. By the end year let us think for a moment of the position of the Albanian society in the past, the troubled waters it was in two or five years ago. If we do this we will all feel a great joy that our ship was able to come to anchor towards freedom. Thus we joyfully celebrate the new year being sure and optimistic for the future of free Albania. Tonight let us recall Albania of some years ago and if we do this we will never forget the price of freedom we enjoy today. However bitter Albania's past history, we can see the progress we have made. If we throw a glance on the road we have traversed in such a time we will see that the progress of Albanian people during a year of work and efforts is enormous. Albania of 1993, despite the great troubles and hardships has quite completely changed its view and sees to the new year with a higher standard than 1993.

We rightfully call the year 1993 as the year of great turning point on the road of all-sided consolidation of reforms in Albania. During this year we were able to transform Albania, the country of chaos, anarchy, organized state corruption, poverty and hunger, gallopant inflation and paralyzed economy into a country of free citizens, private farmer, free enterprise, free creators. Albania is now a country where political legislative, institutional and economic reforms are successfully carried out. So Albania is moving towards the establishment of a genuine civilized society.

Brothers and sisters,

During 1993 harmony and understanding among people have increased. Both of them were an empty notion without freedom. The human rights and freedoms charter was endorsed and these rights and freedoms are developing constantly. The necessary legislation for the transition into a market economy was drafted, the institutions of the rule of law were consolidated, economic reform marked a great turning point. A paralysed Albanian economy was replaced by free market economy, inflation was put under complete control, lands, houses and hundreds of enterprises were privatized.

The growth of gross production is the greatest achievement of the reform. Compared to a year ago, goods turnover is several times higher, export and import increased by 3-5 times. Albania which two years ago counted its witch-hunters has now its rich men.

Human dimension of Albanian society have increased and will continue to increase in the future due to the social component of market economy, social assistance and economic support, the reduction of work days and several other achievements. Spiritual and cultural life, the genius of Albanian creators recorded a great development and their talent was in blossom during 1993. But I would say that what has changed more is our psychology. In this way the psychology of totalitarian society was replaced by psychology of free market. Tolerance, respect for man and his freedoms, understanding and optimism characterize the individual and national psychology. During 1993 Albania and Albanians, through efforts, pains, sacrifices and achievements for the establishment of the rule of law and market economy, moved closer to Europe and the civilized world, deserved their generous aid, support and respect. Albania's image in the world at present is quite different.

Historic progress was made in cooperation with our neighbours, member countries of the European Union, the United States, Islamic countries and international institutions. Albanians proved to be serious partners and displayed their determination for building a free and democratic society. They are determined to follow a foreign policy which intends to integrate Albania into Europe, to prevent conflict in the region, and resolve correctly the issue of Albanians in former Yugoslavia. The year 1993 was another year of terror for Albanians in Kosova.

Police violence, savage dictatorship, poverty, and persecution kept growing. In front of this barbarous stand, which relies on the ideology of crime, massacre and annihilation of another nation, is the civilized, determined and wise attitude of self-controlled Albanians who know that freedom is eternal while violence and terror have their days numbered. The just issue of Albanians in Kosova and former Yugoslavia was presented to the UN. The European Union and international community appreciate more and more the role of Albanians as a factor of stability in the region and today it is clear to them that without the correct solution of Kosova issue, without guaranteeing the human rights and national freedoms of Albanians in former Yugoslavia, the resolution of Balkan crisis is impossible.

In spite of our great and incontestible achievements during 1993 we are aware of the great problems and difficulties lying in store for 1994. Priority will be given

to reduction of unemployment, construction of infrastructure, attraction of investors, privatization of mid and large-sized enterprises and the establishment of vouchers' market. In regard to foreign policy Albania will give priority to its integration into Europe and international community, the correct solution of the Albanian nationality issue.

Ladies and gentlemen,

Great challenges lie in store during 1994. But our capabilities to solve them are several times greater. The new year will be a year of the vigor of freedom because a great vigor has burst out today among all Albanian citizens wherever they work and live. The year 1994 will be a touch stone for us. Success will depend on how wise and capable we will be to make use of constant vigour of freedom to step up the development of Albania and make for the lost time. In fact we have a long way to go through in order to get there where we wish to. But Albania is a young nation and young nations have great energies, they progress quickly in freedom. I am optimistic and sure that in 1994 we will fulfil our hopes and will meet the established goals. Let us make use of the vigor of freedom to be closer each other, and be more united than ever, as brothers of blood, spirit and freedom to build a more prosperous present and future for our children and outselves. Let us use the vigor of freedom to raise high the name and honour of Albanians and Albania, and to integrate Albania more and more into Europe and the world.

I appeal to all your brothers and sisters, to toast and wish Albanians in Albania, Kosova, emigration, diaspora, wherever they are, in city or countryside, in their homes,in military units, in navigation, in hospitals, prisons or in the border, as well as their friends in the Balkans, Europe and the world : A happy new year! I also wish them all good health, happiness and prosperity.

God bless Albania and the year 1994.

Berisha Answers Questions at News Conference

AU3012195693 Tirana Radio Tirana Network in Albanian 1500 GMT 30 Dec 93

[News conference by President Sali Berisha with foreign and domestic correspondents in Tirana on 30 December—recorded]

[Excerpts] [passage omitted] [Xhevdet Shehu] Xhevdet Shehu. Mr. President, after the departure of [the Italian humanitarian operation known as] Pelican, there were rumors that our relations with Italy were deteriorating. Is this true? I would like to ask another question, if I may: For some time now, the events of the Democratic Prosperity Party in Macedonia have attracted the attention of the Albanian public and have been commented on in various ways. The newspaper RILINDJA of Kosova wrote yesterday about a distinction in your attitude and that of Mr. Rugova regarding this party. What exactly is your opinion?

[Berisha] [passage omitted] Regarding the rumors that our relations with Italy have deteriorated, I consider them to be completely false. Our relations with Italy are of a friendly nature. Italy is a country that has helped Albania, and I am convinced that the Albanians are and will be grateful to the Italian people for the noble assistance they have rendered to Albania. We should keep one thing in mind though: Friendship and speed are two different things. When establishing a friendship, it is important to base it on a solid and strong foundation. We are determined to develop and maintain friendly relations with Italy and the Italian people. As for Pelican, it left because its mission was over. I think the Pelican operation felt the greatest pleasure of all of us. After performing its large humanitarian mission, Pelican saw that the friendly country, with which it was related, had reached its required level of efficiency. [passage omitted]

Therefore, Pelican finished its mission and left. There is no room for a shadow, and it did not leave any trace of one. Pelican came as a humanitarian mission and left after honestly performing its work.

There is no distinction between Rugova and Tirana regarding the assessments and attitudes toward developments in Macedonia's main political force. Our ideas and concessions are identical.

[Ndrek Gjini, ATA] Ndrek Gjini of ATA. How do you feel about the attacks from the left? [passage omitted]

[Berisha] If you are referring to the press, I can openly say that I do not like it if I am attacked by the press. [passage omitted]

The press is a very important institution of freedom and democracy. If the press abuses its freedom, do not think that it goes without being judged. There is a judge for the press, and the most powerful judge for the press is the public. [passage omitted]

[Edi Paloka, RILINDJA DEMOKRATIKE] Edi Paloka of RILINDJA DEMOKRATIKE. In the extremist leftist circles, a new idea is circulating about early elections. The idea is that PASOK [Panhellenic Socialist Movement], who won the elections in Greece, wants to overthrow the Meksi government. What do you think about this?

[Berisha] This is a constant idea in the minds of some leftist leaders. In another meeting with you, I reiterated that this idea is being expressed by one of the main exponents of the Albanian left that we would like to hold elections on 23 March. This formula clearly shows their extraordinary zest for power and a conversion of power into an aim. This expresses old careerist ambitions and a non-adaption to the loss of power. As for the relation to and victory of this or that party, I think that they are completely... [changes thought] First, every victory of a party is determined by votes from the people. I am sure that with Mr. Papandreou's government, we will develop normal and friendly relations. Albania has been and will remain outside ideological friendships.

[Unidentified correspondent] How do you assess the results of Ibrahim Rugova in France, and what role do you think Albanian policy has played in this framework? Do you think that the Zhirinovskiy phenomenon is spreading in East Europe as it is presented or is it part of a temporary phenomenon in the Soviet crisis?

[Berisha] I have always greeted and continue to greet the invitation that the French foreign minister, Mr. Alain Juppe, forwarded to Mr. Rugova. I consider as very important the establishment of a dialogue between the legitimate representatives of the people of Kosova with the EC member countries and the EC main countries, as well as with other countries. I think that the French Government, the government of Mr. Balladur, has already given new dimensions to the problem of Albanians in the former Yugoslavia and the Balkan crisis.

Concerning Zhirinovskiy, this phenomenon is as invented as it is dangerous and as mystic as it is real. In my opinion, Yeltsin won in the last elections. Through the Russian Constitution, President Yeltsin was able to mark a historic victory for the Russian people. The Russian political scene, however, has historically had its mystic aspects. [words indistinct] Thus, even Zhirinovskiy in this [words indistinct] is a mystic phenomenon in politics or rather [words indistinct] in a posttotalitarian society. What exactly does he represent? He represents the displacement from one extreme to another of a large psychology or rather a large mass of people with a totalitarian psychology—that is, a mass of people who, unfortunately, have been embodied with and are still not liberated from the totalitarian psychology. They were transferred from supporters of, let us say, the left-wing extreme into supporters of the right-wing extreme.

Despite the present results, I think that Zhirinovskiy is and should be a strong political signal for the West. This farmer is seeking more powerful support from the democratic forces. To be honest, the Zhirinovskiy phenomenon has more of an emphasis in Russia than in another country because in every kind of situation, rich or not, Russia is a very powerful factor, not only in Europe but worldwide. Russia is a large country that plays a great role. It cannot be judged simply on whether it produced wheat this year or not. Thus, the development of democracy in Russia is extremely important for Europe, as well as the world.

Is it possible that the Zhirinovskiy phenomenon could be repeated in Eastern Europe? It could be repeated but not in a Russian context. If we were to analyze or take the moment [words indistinct] from the left to the right of a mass of people who are still preserving the totalitarian psychology, this is justifiable because the totalitarian society in Russia was the oldest in Europe; it was 70 years old. That is why the liberation from the totalitarian psychology is more slow. In this aspect, I do not think that the Zhirinovskiy phenomenon will gain any strength, not even in Russia. The gradual liberation of people from the totalitarian psychology will cause Zhirinovskiy to rely on them. This phenomenon will not develop in other European countries. It can appear, but it will not develop.

[Pellumb Baci, Deutsche Welle] Pellumb Baci of DEUTSCHE WELLE. Mr. President [words indistinct] you are insisting that the embargo against Serbia is essential. On the contrary, several Western political circles have asked that the embargo be lifted, almost to the point of completely abolishing it. What are the real chances of both attitudes, and what will be the consequences if the embargo is abolished? [passage omitted]

[Berisha] We are insisting that the embargo against Serbia be maintained in order to prevent the conflict from spreading to the Balkans. The truth is that the embargo is, perhaps, the only Security Council resolution to be carried out, not exactly in full but in approximately full efficiency. For all analysts, there is no doubt that this embargo plays a role in weakening Belgrade's aggressive potential. To reward Milosevic by abolishing the embargo and asking him to give back the occupied territories would, in my opinion, create the precedence of occupying other territories and setting up another chain of rewards and compromises that could be dangerous for the Balkans and Europe. The embargo was inflicted as a result of Belgrade's aggressive policy. It was not an expression of revenge by a country against Serbia or the Serbian people. It was a punishment for the aggressive policy that the Serbian leadership followed in the Balkans.

What are the chances? It is difficult to determine what the chances are. However, the danger and the consequences of abolishing the embargo could be very serious. [passage omitted]

[Unidentified correspondent] As BBC reported, Mr. Papandreou greeted Albanians on the New Year. How do you feel about this? The second question concerns foreign investments. How is the present situation and what are the prospects?

[Berisha] In response to the first question, although it is a news [word indistinct] a wish from a friendly country or a country with which we should develop friendly relations is always welcomed. Of course, there is no doubt that we have had our problems, but the neighboring countries and all other countries are important for us.

We will be loyal to the principle of reciprocity in our policies. This is and will be the main principle of our foreign policy. We are offering honest cooperation and sincere relations to our neighbors. This is a confident road of cooperation with Albania or enhancing cooperation with Albania. Every other attempt will only fail. All those who, through other forms or methods, tried to condition or impose their ideas on Albania have made and are still making mistakes and have failed and still continue to fail. Albania has been and will be open. On the basis of this principle, it will establish relations with

all countries and will consider as a friend the one who is interested in a sincere friendship. It will know to be neutral toward the one who wishes to be neutral, and it will know to disgust everyone that will try to disgust her. Thus, in our relations with neighbors and far-away countries, the main principle will be that of reciprocity. We offer honest cooperation to the others and we ask the same thing from them.

As for foreign investments, I think that this extremely important knot is heading toward a solution. There were difficulties concerning the legislative, psychological, and regional orders. On this occasion, I am appealing once again to Albanians to demonstrate that friendly potential they have in their soul to foreign investors. We should keep in mind that forming partnerships with foreigners is a very important when it comes to accelerating the country's development. In this respect, we will further improve our legislation next month. The Law on Foreign Investments is among the best, and parliament recently passed two very important amendments—the price of land, and I hope parliament will approve the sale of land, and the price of agricultural land.

Finally, a great possibility for investments will be the application of securities and the creation of markets. They will grant the opportunity to Albanians to become partners and participate in these processes, either in creating joint ventures with them or buying the enterprises. Thus, the creation of securities and their application will bring about a powerful stimulus in attracting foreign investments, because foreign investors definitely prefer the individual more than the state. This is quite normal. The private individual in Albania has had many limited opportunities. The securities will increase these opportunities by a certain percentage. Thus, this year cannot end with forecasts; the successes are much better than can be imagined. We have $200 million worth of investment. In fact, we have already signed contracts for next year, which can possibly double this amount in ore industry and other fields.

[Unidentified correspondent] [passage omitted] What concrete successes has Albania achieved this year in domestic and foreign fields? What main goals do you plan to achieve next year in domestic and foreign policy?

[Berisha] Regarding Albania's concrete successes this year, I can summarize them and say that politically, Albania has made confident steps toward its integration in international institutions and countries of Europe and toward a further affinity with other countries, including your country [as heard] as well. The visit of your foreign minister is a remarkable event and has rendered an indisputable contribution and in the new relations we plan to establish with your big country. I can say that there were great achievements in the legislative field as well. The greatest of all is undoubtedly the Charter on Human Rights and Freedoms. It is a monument of the right in European standards. Of the same importance are laws on foreign investments, banks, privatization, the status of persecutees and prisoners, and a series of other institutions. Another achievement is the increase of production. I think that this marks a great success for Albania.

Considering next year, we hope to wisely use the impetus of freedom. Albania is experiencing a moment of impetus, and this should be used as wisely and rationally as possible. Thus, next year, we hope to achieve good results concerning the large-scale privatization of medium and large enterprises. Privatization marked new achievements last year and this year. Out of 600 enterprises, more than 500 have been privatized. The land is privatized as are the houses. However, the use of securities will grant great possibilities to the enterprises privatized on a large scale. I consider this to be the most important problem next year.

Of course, the opening and integration of Albania in Europe and the international community is and remains another constant goal of ours. I have stressed over and over that Albania will strictly adhere to the principal of reciprocity.

The solution of the Balkan crisis and national question is another priority of our foreign policy. In this framework, I think that 1992 marked another level concerning the issue of Albanians in the former Yugoslavia and the Albanian national question. Europe is finally convinced that the problem of Kosova is an international question. Thus, it is necessary that Albanian political forces and the Albanian Government be more active and more energetic in their dialogues with international community governments in explaining the truth that was darkened by history and half a century of Greater Serbian propaganda. At the same time, while solving this problem, it is necessary for Albania to remain loyal to the agreements it has signed and show that it is a serious constructive partner. The acceptance of Albania's stabilizing role in the Balkans is undoubtedly the one proof that Albanians carry more weight in the dialogue with the international community in solving these problems. [passage omitted]

Further Reaction to Zhirinovskiy Visit Reported

Zhelev Sends Message to Yeltsin

AU2912191093 Sofia BTA in English 1820 GMT 29 Dec 93

[Excerpts] Sofia, December 29 (BTA)—Bulgarian President Dr. Zhelyu Zhelev this afternoon received Russian Ambassador Aleksandr Avdeyev to hand him a message for President of Russia Boris Yeltsin. [passage omitted]

The president's adviser on foreign affairs Kamen Velichkov added that the meeting was devoted to the promotion of bilateral relations, the way it has been mapped out in the treaty signed by the two presidents. According to Mr. Velichkov, Dr. Zhelev's message manifests Bulgaria's definite support for the democratic forces and reforms in Russia. He said that Dr. Zhelev has shown the way in which Bulgaria, reckoning with its national interests, is looking for a place and foreign political guarantees within NATO without confronting Russia.

Compares Zhirinovskiy to Hitler

AU2912212493 Sofia BTA in English 2027 GMT 29 Dec 93

[Report by Evgeniya Drumeva]

[Text] Sofia, December 29 (BTA)—Bulgarian President Zhelyu Zhelev described the leader of the Liberal Democratic Party (LDP) in Russia as an "outright fascist." Interviewed for the National Television and talking to Bulgarian and foreign reporters, President Zhelev expressed his serious concern over "the Zhirinovskiy phenomenon," comparing the Russian politician to Hitler three times. Dr. Zhelev voiced his doubts that Mr. Zhirinovskiy would ever be allowed to visit Bulgaria again, no matter what his future position might be.

Vladimir Zhirinovskiy arrived on a private visit to Bulgaria on the evening of December 25. In the three days of his stay, he made a number of statements saying, among other things, that President Zhelev should be replaced with one of his advisers, Bulgarian-born Svetoslav Stoilov, unknown here so far, that Bulgaria should regain Thrace, Macedonia and Dobrudzha, and that Romania was an invented state. At 1930 hours local time last night, the Bulgarian Ministry of the Interior ordered Mr. Zhirinovskiy to leave this country within 24 hours. The Sofia Airport authorities reported that Vladimir Zhirinovskiy left on a regular service flight to Moscow at 1420 hours local time today.

"A self-respecting sovereign state cannot allow any politician coming from another country, be it even a great power, to insult the people he has come to by his statements, injure the country's sovereignty and retailor the borders it has with neighbouring countries, especially at a time when hostilities are going on in the immediate proximity, or strike off at one scoop whole states as in the case of Romania, a circumstance which, if we keep silent, could sour this country's relations with its neighbours," the president said, explaining why the Bulgarian Ministry of the Interior expelled the Russian politician from the country.

"Had we taken action earlier, it would have created the impression of a nervous reaction indicating possibly fear or uncertainty on our part," President Zhelev said in reply to the question if Zhirinovskiy's expulsion from Bulgaria was not belated. "And yet Zhirinovskiy did a very good job, showing what he really is; now that he has been expelled, no normal person can suspect us of having some other considerations besides the actual one. He is an inadequate politician who, wherever he goes, is always getting into mischief," the Bulgarian president went on to say.

Commenting on Zhirinovskiy's intentions to visit Bulgaria, possibly in another capacity, next year again, Dr. Zhelev said that this would be a political issue which the Bulgarian institutions would have to decide. Having been expelled once, he may be denied entry next time, Dr. Zhelev said.

Invited to say what his reaction would be should Zhirinovskiy win the Russian presidential election, Dr. Zhelev said: "There is a lot of time until the presidential election, and in the meantime the Constitution may change, there may be a number of other elections, parliament may also change." Dr. Zhelev did not rule out the possibility of the LDP reacting negatively to its leader's statements.

Commenting on Vladimir Zhirinovskiy's statement that Bulgaria should regain Aegean Thrace and Macedonia, President Zhelev recalled that before Zhirinovskiy, Hitler also wanted to give Bulgaria those lands. The Bulgarian president described this statement as funny because "he brought down a peg or two certain Balkan politicians who have been trying to counter some sort of local education based on Christianity, Eastern Orthodoxy, Pan-Slavism and other anachronistic ideas to Europeanism, Eurocentrism and the Euro-Atlantic structures." The path to follow is unification with Europe, becoming an integral part of Europe, and not inventing local structures like the ones we have already had, but they all came to nothing," Dr. Zhelev stressed. However, responding to another question, he said that NATO could continue its existence only by turning into a system of collective security, "otherwise sooner or later this will lead to the establishment of other regional groups, blocs and alliances because none of the former socialist countries has reliable foreign political and military guarantees for its security at the moment."

President Zhelev expressed his opinion that the LDP leader's statements will by no means influence Bulgarian-Russian relations or, if they have some effect, it will be rather positive.

According to the Bulgarian president, what matters is not Zhirinovskiy as an individual but Zhirinovskiy as a phenomenon emerging in most Central and East European countries as a logical consequence of the difficulties they face in the period of transition. Zhelyu Zhelev, who

wrote the book "Fascism" and was awarded a Ph.D. degree for his dissertation on the totalitarian state, expressed his fears that having won over the masses with demagogic promises and coming to power, such an individual would replace demagogy with dictatorship.

In my view, now that we are building democracy at the end of the 20th century, our democracy has no right to be naive and helpless as liberal democracy was at the beginning of the century when it was so easily usurped by totalitarian adventurers, the president said. In his opinion, "democracy at the end of the 20th century should have all the antibodies needed to counter all possible mutants and relapses of totalitarianism—both of a fascist or communist type."

"Producing those antibodies is a must and I think we will be compelled to produce such antibodies to counter any possible relapses of totalitarianism," Dr. Zhelev stressed.

The president said that the prosecutor's office in Bulgaria should take action against Vuzrazhdane, a recently established ultra-right organization led by Father Georgi Gelemenov who declared his intention to persecute Gypsies and Bulgarian Turks. "I think that the prosecutor's office should have taken action against Gelemenov long ago because his statements run counter to the Constitution, they are an open incitement to subversion and violation of human and minority rights which is impermissible in a democratic society," President Zhelev said, adding that "the constitution, they are an open incitement to subversion and violation of human and minority rights which is impermissible in a democratic society," President Zhelev said, adding that "the prosecutor's office should act very quickly and categorically."

Press Comments on Expulsion

AU3012110893 Sofia BTA in English 1027 GMT 30 Dec 93

[From BTA's 30 December "Press Review"]

[Excerpt] Sofia, December 30 (BTA)—[passage omitted] "President Zhelev Calls Zhirinovskiy 'fascist'," (STANDART NEWS daily,) "President Says Why Zhirinovskiy Was Kicked Out," (OTECHESTVEN VESTNIK daily), "Zhirinovskiy Leaves, President Zhelev Compares Him to Hitler, Doubts If He Will Be Let Into Bulgaria Again," (the KONTINENT daily): Under these and similar headlines today's newspapers coverage of President Zhelev's statements on the visit here of the leader of the Russian Liberal Democratic Party (LDP) Vladimir Zhirinovskiy. The newspapers detail the last hours of Zhirinovskiy's visit here. He left for Moscow by a scheduled flight at 14:20 p.m. local time. "The interior minister's order for Zhirinovskiy's expulsion was unnecessary, stupid and leaves open the question about the real motives. It also is indicative of a temper lost," runs a commentary in KONTINENT daily, adding that "talks with Zhirinovskiy should have been held only by force of argument, or no comments should have been made at all—just the way the president had reacted in the case of U.S. Ambassador William Montgomery's statements," an editorial commentary in 24 CHASA blames the president's advisers for having invited only foreign correspondents and reporters of "selected Bulgarian Mass media" to hear Dr. Zhelev's remarks yesterday.

The trade union daily TRUD runs an interview with Svetoslav Stoilov whom Zhirinovskiy proclaimed as the future president of Bulgaria. Asked if he really believed he was going to be the next president of Bulgaria, Stoilov said, "Me, a Bulgarian president? This statement is offending me. I am going to be president of the Balkans (of all countries on the Balkan peninsula). A severe cataclysm is due in Bulgaria. We will throw all the present parties into the Black Sea. The plan is ready." Interviewed for the Socialist Party daily DUMA, the leader of the Bulgarian Liberal Democratic Party (LDP) Veselin Koshev says that before leaving Bulgaria Zhirinovskiy had declared he would come back here as president of Russia. Koshev says that the Bulgarian LDP invited Zhirinovskiy to visit Bulgaria again in March or April next year, and a delegation of LDP will visit Moscow in January. [passage omitted]

Paper Interviews Zhirinovskiy

AU3012131493 Sofia OTECHESTVEN VESTNIK in Bulgarian 27 Dec 93 pp 1, 2

[Interview with Vladimir Zhirinovskiy, leader of Russia's Liberal Democratic Party, by Vasko Gigov; place and date not given: "The Main Thing Is To Change Bulgaria's Political Leadership"]

[Text] [Gigov] What, according to you, is the state of Bulgarian-Russian relations today?

[Zhirinovskiy] We think that Bulgaria must be a key country in the Balkans and that Macedonia and Thrace could be ceded to its territory. They are ancient Bulgarian lands. However, the main thing for us is the fact that the country's political leadership must be changed. Your current president, Zhelyu Zhelev, is a figure of the transitional period, which is about to end. The state leaderships of many East European countries are being replaced, and I would like to see Mr. Svetoslav Stoilov as your president. I think that this will also be beneficial for Russia. Mr. Stoilov is a well-known economist and our European consultant on all economic issues. Bulgaria needs such a president in the new year. The process of stabilizing relations throughout the entire Balkan peninsula with the participation of Russia will begin only after he comes to power. Then the violent actions and armed conflicts will end. Naturally, the help of the UN Security Council member-countries is necessary for this.

The status quo in Yugoslavia will be preserved and the variant of a not very "rigid" federation on the territories of former Yugoslavia is possible. The Serbs, Croats, and Slovenes will remain in their places and refugees from various republics will no longer be mixed. Thus, every possibility of armed clashes will be eliminated.

I think that this confederation among the Balkan states could be expanded by the inclusion of Romania and Hungary, but no state will have priority. Every nation has the right to live in the Balkans and discrimination based on nationality or religion is necessary. There have never been Muslims in the Balkans. Whoever claims the opposite lies. Slavonic and Christian peoples, predominantly belonging to the Eastern Orthodox Church, but also Catholics, lived here. The lie about the Muslim nation is a pure game on the part of certain centers.

This all could be regulated and I think that the new Russian parliament, the Duma, will support the Liberal Democratic Party plan on peacefully and finally stopping the conflicts in the Balkan peninsula. However, for the time being, the main thing is to change Bulgaria's political leadership, and I think that this will happen soon.

[Gigov] Does the Kuril Islands problem exist for you? What do you think about the concerns of Poland and Finland with your election success?

[Zhirinovskiy] All stories that, in my political program, I threaten the sovereignty of Poland and Finland are lies. In the past, many people said that the CPSU's [Communist Party of the Soviet Union's] regime was almost criminal and had to be eliminated. However, I, as a jurist, always claimed that I was born under that regime, and I do not consider myself a criminal. Generally, this was a normal state, but its leadership made mistakes.

Even at that time, I said that if the West thinks that the Russian regime is criminal and must be eliminated, then the borders established by that criminal regime must also be eliminated and returned to the situation before the October Revolution. Now the Finns could ask: What about our independence?

Look, we do not question at all the fact that Finland is now a sovereign state. It was they that raised the issue. They became scared. We do not talk about returning Finland to Russia. We do not need this. Let Finland be. The same applies to Poland.

The USSR is another matter. We think that, in the long run, Russia's borders could be the borders of the former USSR, but this could happen only if the relevant territories, which today are viewed as independent, want this.

[Gigov] What do you think about the military blocs?

[Zhirinovskiy] We oppose them. If the Warsaw Pact was dissolved, we think that NATO should also be dissolved as a military bloc. However, it is very possible that the East European peoples form an economic and cultural alliance with Russia, similar to the European Community, without attributing any military aspects to this alliance.

[Gigov] In certain countries you were described as a fascist....

[Zhirinovskiy] Look, I want the entire Bulgarian people to understand through you that our party has no relation to fascism or communism. We are a moderate centrist party with a liberal-democratic program. Now, in the former USSR and the former republics, nationalism is the main ideological weapon, and in certain regions anti-Russian emotions intensified.

We say that various nations should not be opposed to each other, because we are against every discrimination. Nevertheless, they try to slander us and say that we support Russian nationalism. We say that Russia is the motherland for all and that we oppose the idea of restoring the USSR and CIS. We support the existence of a Russian state, a great Russia, but as a motherland for all nations that live on its territory. It is their common motherland as a geographical entity. And what are they trying to do? They try to prove with their tales that we are Russian nationalists, that we want a pure Russian state, and so on.

We do not want this, and since they had no arguments to oppose us, they decided to use lies. Lies became their political weapon.

[Gigov] How do you think that the conflict in former Yugoslavia will be resolved? Do you think that Mikhail Gorbachev is responsible for this conflict?

[Zhirinovskiy] Gorbachev is the main culprit of everything bad that happened in the USSR and East Europe, and which began in April 1985. In December 1991, he himself understood that he made a mistake and resigned. However, I think that the period of transition in Russia and East Europe ended and that, soon, new political leaderships will come to power in those countries. Conditions of lasting peace and democracy for all, rather than for a nation of a group of citizens, will finally be established in the near future. The man is in the first place. He will be even above the state.

[Gigov] What is the basic goal of your visit to Bulgaria?

[Zhirinovskiy] I assumed the commitment to lay a wreath at the monument of the King-Liberator [Alexander II] of the Balkan peoples, which is in Sofia's center. I will do it on 28 December at 1500 [1300 GMT], but prior to this, I would want a military band of the Bulgarian Army to play a Slavonic march. Afterward we will give a news conference for Bulgarian and foreign reporters. I will not hide from them. I support the free press and I am ready to talk to anyone, as I did in Germany and Austria.

In addition, I will take the opportunity to meet certain representatives of Bulgarian political parties.

The basic goal of my visit to several European countries is to renew my business contacts and present our party's positions.

Zhelev Addresses Nation in New Year's Message

AU3112190993 Sofia BTA in English 1807 GMT 31 Dec 93

[Text] Sofia, December 31 (BTA)—"Maybe 1993 was the most difficult and painful year of the transition. Many things we hoped for did not happen, those which did happen were not always done as they should have been, and meanwhile some other very important things were achieved ensuring a good start for next year," President Zhelyu Zhelev says in his New Year message to the Bulgarian nation which will be broadcast on the National Television and Radio a few minutes before 1994.

According to the president, the possibility of obtaining a most favourable settlement of Bulgaria's foreign debt, of quickly concluding an agreement with the International Monetary Fund, of attracting foreign investments to Bulgaria, of receiving compensations for the Bulgarian losses ensuing from the Yugo embargo, of completing the restitution of land and of carrying out mass privatization are the things that give ground to believe that 1994 will mark a turning point in the period of transition. We will either make it or will be listed in another category of states, Dr. Zhelev says. However, making the possible a reality depends on us and first of all on the Bulgarian politicians, on their will and efficiency, on their ability to place the national interests above their narrow party ambitions and their strife for power, President Zhelev believes.

Bulgaria is not surrounded by enemies, it is not threatened by hostile neighbours, the president says.

Addressing the Bulgarian people, President Zhelev wishes everybody health, happiness and success in 1994. "May the New Year be prosperous, peaceful and successful for Bulgaria," President Zhelev says in the end of his New Year message.

Berov Urges People To Unite, Thanks Cabinet

AU3012210993 Sofia BTA in English 1934 GMT 30 Dec 93

[Text] Sofia, December 30 (BTA)—A prime-time address by Prime Minister Berov called upon Bulgarian people to unite. "Society is tired of political strife and wants a calmer life and more common sense," the prime minister said. "I will not promise you a bright future, but as a nation and a state, we have to break clear from our past," he went on to say. According to Prof. Berov, the National Assembly bears inscribed the secret for Bulgaria's headway: "Unity Is Strength."

Prime Minister Berov summed up the 1993 performance of the government which he headed precisely an year ago. He thanked the cabinet, which he called "valiant," for its "courage, zeal and wisdom."

"We worked to further advance the changes that had already been launched though there was nobody to applaud us. We did everything we could to take this country's ship into calmer waters," Prime Minister Berov said.

Daskalov Interviewed on Joining NATO, Russia

AU0101190994 Sofia BULGARSKA ARMIYA in Bulgarian 28 Dec 93 p 1

[Interview with Bulgarian Foreign Minister Stanislav Daskalov by Major Spirdon Spirdonov; place and date not given: "Government Received Important Support"]

[Text] [Spirdonov] What is your assessment of the parliament's declaration on expanding cooperation with NATO?

[Daskalov] This represents support for the government's present activity, because the government has always expressed our interest in joining the European and Euro-Atlantic structures. We will now work even more actively. A matter of great importance is how the conference of NATO members on 10 January will end, what decisions they will adopt, whether NATO will extend its influence on the East, and whether or not they will adopt the U.S. "Partnership for Peace" initiative. Most likely, we may expect a favorable outcome, but only then will it become clear what rights and commitments the countries to which the initiative is addressed will have. I cannot make any guess now.

[Spirdonov] Russian Ambassador Aleksandr Avdeyev assured Prime Minister Lyuben Berov that there is no danger of tension in the two countries' relations. He made this assessment immediately following the vote on the parliamentary declaration. Do you admit the possibility of any problems arising in bilateral relations, perhaps at a later date?

[Daskalov] The North Atlantic Alliance will do nothing that disregards Russia's interests. Without Russia, we will find it difficult to guarantee European security, and furthermore the "Partnership for Peace" initiative is directed at Russia as well. I think that our joining NATO cannot become a motive for friction between our two states.

[Spirdonov] It is still too early to talk about what will happen after 10 January, but nevertheless, if the results of the NATO forum are to our advantage, what will be the first step that our country will take?

[Daskalov] We will study how to react to the results of the meeting, and I am duty bound to inform the National Assembly deputies about it.

Zhelev Agrees To Receive Clinton Envoy 13 Jan

AU2912195393 Sofia BTA in English 1849 GMT 29 Dec 93

[Text] Sofia, December 29 (BTA)—President of the Republic Dr. Zhelyu Zhelev agreed to receive on January 13, 1994 Mrs. Madeleine Albright in her capacity as special envoy to Bulgaria of U.S. President Bill Clinton, reporters learnt today from Dr. Zhelev's foreign policy advisor Kamen Velichkov.

Mr. Velichkov specified that the purpose of the visit of Mrs. Albright, who is U.S. permanent representative to the United Nations, will be to brief the Bulgarian head of state on the results of the NATO summit due in Brussels on January 10.

Mr. Velichkov pointed out that some time ago President Clinton sent a message to Dr. Zhelev, expressing his agreement and desire to take into account Bulgaria's position on the exceedingly important and relevant issue of Bulgaria's bid to join the North Atlantic Alliance.

In his reply, Dr. Zhelev's advisor said, the Bulgarian president agrees to receive Mrs. Albright and reaffirms his and this country's principled and reasoned position in favour of Bulgaria's cooperation with NATO and its future participation in the alliance.

One important point in Dr. Zhelev's reply message is the fact that Bulgaria became the first country in Eastern Europe whose legislature took a stand on this pressing issue, which is important for all Central and East European countries, Mr. Velichkov said. Last week the Bulgarian Parliament voted a declaration on cooperation with NATO.

The message is part of an ongoing dialogue which started at the meeting of the two presidents earlier this year and which will continue with the forthcoming visit to Bulgaria by the special envoy of the U.S. President, Mr. Velichkov said.

Ministry Denies Report on Kurdish Terrorists

AU3012201593 Sofia BTA in English 1853 GMT 30 Dec 93

[Text] Sofia, December 30 (BTA)—The Ministry of the Interior tonight denied a story in the TEMPO magazine of Ankara, alleging that members of a Kurdish terrorist organization were based in Bulgaria.

"The Ministries of Bulgaria and Turkey have signed a cooperation agreement and exchange information on the combating of terrorism," says a press release of the Interior Ministry received at BTA. It stresses that Bulgaria's special services have no information on the existence of such an organization in this country and have not exchanged information on the matter with Turkey. "What the magazine says about there being a link between a Kurdish terrorist organization and Iranian drug traffickers could be described only as a journalist's interpretation unsupported by facts and evidence," the press release also says. The story in TEMPO, commented in most big Bulgarian dailies today, says the Bulgarian special services have found out that PKK [Workers Party of Kurdistan] members have penetrated into Bulgaria after some West European countries outlawed them. The story alleges that the PKK was connected with one Iraqi and two Iranian drug runners, discovered in a recent police check in a Sofia flat, in which one policeman was killed. Indeed one police officer was killed on December 6, and another died from his wounds in hospital later on, but the Bulgarian police reported they had been shot by Iranian drug traffickers, shot dead by the police as they resisted arrest.

The Interior Ministry also stated it had no information on the existence of a Bulgarian-Greek ring which, according to ELLADHA SIMERA of Greece, illegally transfers foreign currency. Allegedly, it operates through gambling casinos in Bulgaria and is connected with senior government officials. "The Interior Ministries of Bulgaria and Greece have signed an agreement which includes exchange of operative information, so far, however, there has been neither information nor inquiries about the activities of such a group," says the ministry's press release.

Prosecutor's Office Hands Over Corruption Report

AU3112183593 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 31 Dec 93

[Text] The Prosecutor General's Office today handed over to the prime minister the materials in which cabinet members are accused of corruption. The statement by the Prosecutor General's Office reads:

Following a preliminary study of the materials, it emerges that they do not enable one to establish the presence or otherwise of sufficient information on the commission of crimes of a general nature.

According to the statement, the materials also cannot serve as a basis for mounting a preliminary investigation under Article 191 of the Code of Criminal Procedure. Most of the materials received were in the form of xerox copies of letters, contracts, and memoranda that did not even bear the signatures of the persons who compiled them. The materials also included a complaint to Mr. Berov submitted to the Council of Ministers on 1 October 1993, protesting against acts by officials from the Ministry of Trade. However, the document contained no information as to whether any official action had been taken on the matter or on what was established as a result of the complaint.

The Prosecutor General's Office hopes that the Trade Ministry officials in question will carry out their duties by taking action on the complaint after studying each individual case that it brings to their attention, and that, in the event of information emerging on the commission of a crime, they will provide specific information to the prosecution service.

Ukraine Declines Energy Barter Deal

AU0301102594 Sofia BTA in English 0949 GMT 3 Jan 94

[From BTA's 3 December "Press Review"]

[Excerpt] Sofia, January 3 (BTA)—[passage omitted] For the time being, Ukraine has declined Bulgaria's offer to barter coal for electricity, the 24 CHASA daily reports, quoting the chief of the Power Engineering Committee Nikita Shervashidze who returned from Ukraine at the end of December. Bulgaria will start buying coal at considerably

higher prices from the Republic of South Africa which would most probably raise the prices of electricity, Mr. Shervashidze believes. He says that the possibilities for setting up a new common power grid among Bulgaria, Greece, Slovenia, Croatia, Romania, Serbia and Ukraine were discussed in Kiev. Negotiations with Ukraine will continue two weeks later, during a visit to Kiev of a Bulgarian delegation led by Deputy Prime Minister Valentin Karabashev, the private daily STANDART NEWS reports. A commentary in the same newspaper says that if the National Electricity Company were private, the negotiations would definitely succeed. [passage omitted]

Status of Kozloduy Nuclear Reactors Reported

AU3012144693 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 30 Dec 93

[Text] After a complex and comprehensive inspection, the State Receiving Committee signed Act 16 with which the 1000-megawatt sixth reactor of the Kozloduy Nuclear Power Plant has been accepted as suitable for regular functioning.

The sixth reactor is now functioning at full capacity. The other two reactors—the second and the fourth—are also functioning at full capacity. The capacity of the 440-megawatt first reactor is constantly being increased on the basis of tests that are being constantly conducted. At the beginning of the week, that reactor was connected to the country's power grid.

The 1000-megawatt fifth reactor has been switched off for repairs and refueling. It is expected that this reactor will be connected to the power grid by the end of January 1994.

1993 Activities of Parliament Reported

AU2812144193 Sofia BTA in English 1333 GMT 28 Dec 93

[Commentary by Ani Parmakasiziyan: "Parliament in 1993"]

[Text] Sofia, December 28 (BTA)—Parliament had passed 74 acts and adopted 74 decisions in 1993, Parliament Chairman Aleksandur Yordanov said at the closing of the autumn session. The bulk of the acts amend existing ones. MP's failed to update social legislation.

Parliament also passed a package of the following acts: Tax Proceedings Act, Tax Administration Act, Value Added Tax Act. Their passing by mid-1993 deprived the exchequer of large revenues, the Finance Ministry claims. The restructuring of bad credits into a state debt was also stalled. Parliament passed it at the end of December.

Parliament also passed several agriculture-related acts on 1993 agriculture financial backup and on 1993/1994 autumn and spring agriculture activities financial backup. Tobacco and Tobacco Products Act was among the most important tobacco-related acts. Tobacco producers protests continued despite their passing.

MP's also passed the National Police Act at the end of the year on the structure and activity of one of the Interior Ministry sectors. A bill on the Structure of the Legal System was not passed.

Debates on the bills often grew into continuous political disputes: During the debate on the 1993 Budget Act (introduced in late April and passed in early June) during its updating increasing budget deficit by 5,470 million leva, during a debate on a bill amending the Supreme Judicial Council Act (passed at first reading), which, to quote MP's from the Union of Democratic Forces (SDS), aimed to remove Prosecutor General Ivan Tatarchev and Supreme Court Chairman Ivan Grigorov from their posts. MP's had a three-week debate on a SDS MP's proposal on declassifying MP's and senior state officials' files.

Sometimes the National Assembly would pass important acts and decisions in the very last days preceding parliamentary recess. This was the case with the declaration on Bulgaria's relations with NATO passed in late December. In August MP's even cut short their summer recess at the request of the prime minister to pass the Amendments to the Turnover Tax and Excise Duty Act.

Over the past year MP's ratified a number of bilateral agreements: with France, Moldova, Ukraine, Italy, Kazakhstan, Albania and Poland. Parliament gave the cabinet term to negotiate and sign lending agreements with different foreign banks.

This year saw the ratification of bilateral agreements on consolidation and rescheduling of Bulgaria's foreign debt to the creditors of the Paris Club. The cabinet was given term to negotiate this country's foreign debt to the commercial creditor banks.

A special sitting of parliament in February commemorate the 50th anniversary of the deliverance of Bulgarian Jews and the death of the Jews from Macedonia and Aegean Thrace in the Nazi death camps. The sitting was addressed by Bulgarian President Zhelyu Zhelev and Knesset Speaker Shevah Weiss. Italian President Luigi Scalfaro, King Juan Carlos of Spain, Council of Europe Parliamentary Assembly Chairman Miguel Martines and North Atlantic Assembly Chairman Louic Bouvard also addressed the Bulgarian Parliament during their visits to this country.

Annual Review Shows Production Slump in 1993

AU3012133493 Sofia BTA in English 1059 GMT 30 Dec 93

[Text] Sofia, December 30 (BTA)—The 64 percent inflation apart, the end of 1993 ushered in several important events in this country's economic life: The Bulgaria-European Union interim trade agreement took effect and an agreement in principle on rescheduling Bulgaria's debt to private creditors was attained. Parliament passed an act regulating bad credits, while the cabinet and the IMF forged a third agreement which will in all likelihood be initialed early next year.

Production slump continued throughout the year. GDP fell short of the 1993-projected 350 thousand million leva. GDP will total 270 thousand million leva, the National Statistical Institute says. The projected 27 thousand million leva budget deficit, or 8 percent of GDP, was exceeded and parliament updated the budget at the end of the year raising the deficit by 5.5 thousand million leva.

Trade in 1993 was much lower as compared to 1992 which was a successful year for Bulgarian exports, statistics show. The Agency for Economic Coordination and Development's annual report indicates a $100-150 million export decrease every three months. Agricultural exports were half the 1992 level at the end of September. There are no major changes in the country's trade geography. Bulgaria's trade has three main trends. Nearly 30 percent is effected with the European Union (EU), another 30 percent of trade is done with the former Soviet Union and the ex-socialist countries with the rest covering other countries. The delay in the trade agreement with the EU and the Yugoembargo consequences entailed a livening up of trade with Greece, Turkey and Macedonia. Economists do not expect miracles from the trade agreement with the EU which took effect in December.

The Privatization Agency, the Ministries of Trade, Industry, Agriculture and Construction sold 56 state enterprises throughout the year. The Ministry of Trade concluded 30 deals, the Ministry of Industry sold six light industry enterprises while the Ministry of Construction sold seven construction companies. The Sofia Municipal Privatization Agency announced 55 privatization procedures, held 127 auctions and two tenders. Just 40 percent of the other municipalities have started privatization. Council of Ministers Privatization Agency's Executive Director Mrs. Reneta Indzhova said too many institutions had been authorized to sell state property. The Privatization Agency sold a total of seven enterprises and payment is forthcoming on four of them. The state collected 2.8 thousand million leva in revenue.

Five groups united 53 commercial banks of majority state holding throughout the year. The ambitious project of the Bank Consolidation Company on a restructuring of Bulgaria's banks remained halfway done. The institutionalization of new private banks was initiated. Three private projects were granted authorization by the National Bank of Bulgaria (BNB), while another four are waiting for a bank license.

Big private business was united throughout the outgoing year. In late September, 12 private businessmen met with the intention of uniting and have since been known as the G-13. Two months later they formally founded the Confederation of Industrialists. Soon afterwards, in mid-December, big state business established an organization of their own. A total of 21 state-run companies instituted the association of Bulgarian state industry. Foreign trade companies, among which arms manufacturers like Kintex and Teraton, are the most important members.

The national energy system functioned without electricity blackouts. Electric power cost was raised on two occasions. It went up 15 percent early in the year and another 50 percent in May. The cabinet is planning a third 67 percent rise at the beginning of 1994. In the credit accord with the World Bank, the cabinet pledged to raise the cost to 3.5 cents per kw/h in June, 1994, the current price being around 2 cents.

Official Survey Finds 21.4 Percent Unemployed

AU2912153293 Sofia BTA in English 1453 GMT 29 Dec 93

[Text] Sofia, December 29 (BTA)—21.4 percent of Bulgarians are unemployed, specialists of the National Statistical Institute (NSI) said today, announcing the results of a survey of the population's economic activity and the labour force conducted for the first time in Bulgaria in September this year. It covered 30,000 households chosen at random using techniques of the International Labour Organization, thus making the survey comparable with similar studies in other European countries. The survey cost two million leva, one million of them being provided by the state. If three million are raised next year, statisticians will be able to conduct several surveys of this kind to reveal the dynamics of unemployment in the country, Mr. Milcho Mladenov, an NSI department director, said.

814,000 people out of a 3.8 million population in active age are unemployed, the NSI statistics show. This figure is higher than those reported so far because it includes all people over 15 years of age who are looking for jobs. Practically, the group includes 51,000 pensioners and 13,000 learners who would like to work.

Most unemployed have low educational qualifications: 385,000 have primary or lower education, 137,000 have finished secondary vocational schools, and 44,000 are university graduates. Women are more badly hit by unemployment than men.

Almost 400,000, or 38 percent, of the unemployed are between 25 and 44 years of age. Unemployment in the rural areas runs at 19.5 percent, which is 6 percent higher than the urban centres.

55 percent of the unemployed have become redundant as a result of staff cuts, 11 percent failed to find themselves jobs after finishing their education and 7.8 percent—after their dismissal as conscripts from the Army.

63 percent of the unemployed have had no jobs for more than a year and a half, 14 percent have been looking for job opportunities for half a year or a year, only 6 percent have been jobless for less than a month.

Traffic at Vidin Border Checkpoint Examined

AU3012193793 Sofia BTA in English 1632 GMT 30 Dec 93

[Text] Vidin, December 30 (BTA)—Over 3 million tourists and more than 870,000 vehicles have passed through

the Vrushka Chuka, Bregovo, Vidin ferry line, and river station border crossings in the Vidin area (on the Danube) since January 1993, BTA learned from its local correspondent. The river station border crossing alone issued 70 entry visas and 8,640 transit visas for vessels sailing the Danube. Romanian nationals most frequently pass the border into Bulgaria (over 690,000). Macedonians and ethnic Albanians rank immediately after with 320,000, said the regional directorate of the interior chief Nikolay Dechev. The authorities of these border crossings barred 503 foreigners from entering Bulgaria. A total of 17,620 Deutsche Marks and $1,250 were collected from fines paid by 46 foreigners upon their exit from this country on account of expired visas. Forty trespassers were caught on Bulgaria's western border.

Over 2-kilometer lines of vehicles are waiting on the Serb side to enter Bulgaria by way of the Bregovo and Vrushka Chuka border crossings. Over 7,000 Serb nationals pass daily via the border crossings in both directions. Most of them go to Kulata, Vidin and Bregovo, which are situated near the border, to do their shopping for the holidays. The information that Serb citizens will have to pay taxes—10 Deutsche Marks per person and 50 to 100 per vehicle—upon exit from Serbia brought about a busier passenger traffic. The introduction of exit taxes for Serb citizens is unprecedented in the international practice, customs officers say.

The number of people passing through the two Bulgarian border crossing doubled after the Serb authorities informed about the envisaged taxes, BTA learned from the customs officers on duty.

BTA Examines 1993 Capital Market Activities

AU0301120094 Sofia BTA in English 1039 GMT 3 Dec 94

[Mariyana Barutchieva article: "Capital Market in 1993"]

[Text] Sofia, January 3 (BTA)—Bulgaria's capital market in 1993 marked a significant development as compared to 1992. A great number of new companies emerged. No legislation on stock market transactions and securities was passed, but a related bill will be drafted and tabled for consideration and adoption by the National Assembly.

The number of stock exchanges grew from two early last year (First Bulgarian Stock Exchange-Sofia and Sofia Stock Exchange) to thirteen at the end of the year, while stock-market turnover totalled 131 million leva. Shares traded in 1992 at the cash market were double the 1992 level, but trade was not monitored and no exact figures can be published.

Leks Ltd. is the undisputed leader among companies. It distributed 89 percent in dividends among its share holders which increased the demand for the said securities on the capital market. The average stock-exchange share price was 169 leva with a 100 leva par. 1994-projected dividends were officially put at 131 percent by the company's management. The company's financial position is stable: Metal and oil re-export deals with Russia are among the most lucrative transactions as are production investments in the assembly of wrangler jeeps.

First Private Bank, instituted in 1990, was ranked second in market share. The bank's 1992 dividends were 50.4 percent for bearer shares and 46 percent for registered shares. The 1993 dividend will be several points higher. First Private Bank will be among a handful of profiting banks in 1993 which heightened the interest in its shares. Last month the extraordinary general assembly of share holders decided on a capital increase to reach 1,000 million leva, its registered capital being 10 million leva, which is a significant market portion. The Board of Directors has been authorized to negotiate with South Korea's Daewoo industrial giant which is interested in the purchase of 49 percent of the registered shares. First Private Bank will cover a World Bank loan for private sector and export funding.

Credit Bank, an international multigroup holding bank instituted in 1991 with a 50 million leva registered capital, was surprisingly ranked third in market traded shares worth nearly 14.5 million leva which is due to big sales in May, June and September.

Another private bank, the Agricultural Credit Bank, with 30 percent of its capital owned by Austria's Raiffeisenbank distributed 50 percent in dividends in 1993, while its share prices did not drop below the 2,000 leva mark, the par being 1,000 leva.

The shares of major state-run banks did not sell well in 1993 due to huge bad credits and financial performance throughout the year.

Newly emerged companies opted for real property and construction investment: Long-term material assets not affected by high inflation. The East-West International Holding, which guaranteed a 105-percent dividend in 1993, and TBS Hotels constructing the Ambassador-Sofia Hotel with a 150-per cent projected dividend, are some of them. Trakiya Commerce, working in the field of bakery products, Maxcom Hold, Black Sea Investment Fund, Aktiv, and Bulgarian Autotransport Co. have elicited investor's interest because of their anticipated progress.

Investment funds are a novelty. They aim to collect the disposable money assets of banks and other potential investors and invest them in lucrative projects. The Razvitie (development) Investment Fund was ranked top on the stock market. The bulk of its transactions relate to immoveables and it is also engaged in the construction of a financial centre in Sofia. The shares of Suedinenie (unity) Investment Fund, dealing with financial investments, also elicited interest.

President Havel Gives New Year Address

LD0101214494 Prague Radiozurnal Radio Network in Czech 1200 GMT 1 Jan 94

[New Year address by Czech President Vaclav Havel; place and date not given—live or recorded]

[Excerpts] Dear follow citizens: The coming into being of the independent Czech Republic a year ago was for most of us more of a reason for reflection than for celebration. We asked ourselves what the division of what until then had been a common home would mean for all us, both the Czechs and Slovaks; what would this mean for Central Europe? Were we to understand this as a success of national aspirations or as a defeat in the struggle for a common state?

I believe the first year of the existence of our new state has dispersed a larger part of last year's concerns. Our republics did not collapse and Central Europe was not shaken by our split. Czech society accepted this change with understanding as a fact of life. It did not succumb to a feeling of despondency or defeatism. It did not come to hate Slovaks, and without much hesitation it set about creating new relations within the area of the Czech state.

We soon began to understand that the wound caused to many of us by the division of Czechoslovakia was a kind of tax we are having to pay for our post-November freedom. What this division will really mean historically, and what will it bring, depends again above all on ourselves.

The aim of European unification is to create a new type of coexistence and cooperation of all its independent parts. We therefore ought to accept the fact that we are taking part in such unification as two sovereign states bounded together by the richness of Czech-Slovak mutual relations simply as a newly and differently based challenge to fulfill this European goal. If we succeed in this endeavor, it will mean that we have successfully passed this historic test.

We have prerequisites for this. The most important of them is the fact that immediately after its establishment the Czech Republic succeeded in following up on all that was good in both the older and fresh Czechoslovak legacy. We have clearly subscribed to the humanistic and democratic tradition of our modern history, and this we have expressed symbolically by adopting the Czechoslovak national holiday and by continuing without interruption the great work of transformation that began after November 1989.

Thanks to all this, our parliament succeeded in adopting in good time the new democratic Constitution and a large number of other laws, and thus continued the fundamental rebuilding of the whole of our legal system. We began to establish and put into practice the new constitutional system. The president was elected and the constitutional court established. This year this process will be further promoted by holding elections to the Senate.

Our government enjoys the lasting support of parliament and the majority of our citizens. Thanks also to the orderly manner in which Czechoslovakia was divided, the Czech Republic was in a short time fully recognized by the international community. In its foreign policy it soon was able to stand on its own feet and, in a manner appropriate to the new situation, it followed up in a creative way on the active foreign policy of post-November Czechoslovakia.

The most visible success of the Czech Republic is undoubtedly its success in maintaining the pace of economic transformation and its refusal to deviate from its plan. It thereby demonstrated that the course taken after the first discussions was the correct one. [passage omitted]

One can say overall that most of the basic changes carried out in our economic system have been carried out and therefore we can today regard its transformation as irreversible.

Esteemed friends, I am well aware of all the difficulties—and frequently the pain—which the great changes now taking place in all areas of our life are causing in your ordinary life. I am well aware of your fear of growing criminality. I am aware of problems many of you, especially older people, are having with the restructuring of social and health care. I am aware of the risks connected with your business activities.

It is precisely because I am aware of all this that I appreciate the fact that most of you understand the good sense of these changes and the patience with which you are coping with all the burdensome phenomena accompanying them. Again and again, I admire the courage with which so many of you are engaging in the creative work of building new relations. This is why I regard the speed and all the existing good results of our social transformation as being due to you, citizens of the Czech Republic, rather than to the government and the parliament. [passage omitted]

I believe the common denominator of several important tasks we ought to concern ourselves with now is the creation of a genuine—that is a truly open—and many-layered civic society. The large-scale privatization taking place in our society must in my view quickly find its counterpart in civic and public life. We ought to broaden really purposefully and with much greater courage than hitherto the trust in the individual as real creator of economic prosperity. We must also show greater trust in the individual as a citizen capable of assuming his share of joint responsibility for the affairs of the whole community.

Of course, there are tasks which only the state can and must discharge if it is to have any purpose at all. Perhaps there are more of these tasks than our government admits at present. At the same time, however, there are many other tasks which citizens themselves could and indeed should discharge to a far greater extent and which they could discharge better than the state. [passage omitted]

Democracy is a system based on trust in human responsibility, and this is something it should awaken and cultivate. Democracy and civic society are therefore only two sides of the same coin. In any case, at a time when the civilization of

our planet is threatened by human irresponsibility, I do not see at the present time any other way of saving it than by a general awakening and the cultivation of man's responsibility for the affairs of this world.

Above all, the development of a civic society depends, of course, on citizens themselves, but not only on them. What can the state do in this respect? Out of many possible examples I will cite at least two which seem to me at this moment especially topical.

There has been a great deal of talk about the reform of public administration. I believe our state is facing here a typical challenge of the present time, a challenge which has a deeper purpose that might appear at the first sight. If the state has the courage to decentralize itself in a good time and if that decentralization is based on the good idea of bringing various types of decision-making to the lowest possible level and of giving greater scope to self-administration, both at a higher and at a community level, then it can make a significant contribution to the creation of a real civic society.

After all, a large number of matters now being tackled at individual ministries could be tackled by people far more flexibly and with a better knowledge of all specific circumstances at the level of regions and natural areas. Many matters now being dealt with at district level could be dealt with faster and more effectively by local communities. And an even more daring decentralization in redistribution could merely help ensure that such a redistribution reacts truly sensitively to the multifaceted requirements of life which can be hardly foreseen at the center. [passage omitted]

Another area in which civic participation in the public life should be significantly strengthened is that extensive area which is not mostly a private matter but which at the same time should not be confined only to the state, an area which is not aimed at profit making but which at the same time is extremely important to society. I am talking about the large area of nonprofit or public organizations. [passage omitted]

The state should not be founded on the notion that it alone knows best what society needs and that it alone should finance this area from centrally collected taxes. Central financing leads inevitably to central control. Here, too, we must trust citizens more and enable them to assume greater responsibility. The issue then is thoughtfully delegating to other subjects some of the redistributing functions currently vested with the state. [passage omitted]

Moreover, by expanding the opportunities I have been talking about we will help our society deepen civic solidarity, enhance interest in public affairs and experience in participating in them, and raise people's sense of responsibility for the whole community. We will thereby indirectly nurture a attitude to one's country.

Esteemed friends, I believe you understand what this is all about. After all, this is not a complicated matter. To put it simply, unless courageous economic reforms are accompanied by long-term, purposeful, and continuous care for the good development of all levels of civic society, our life will soon become one-dimensional. It will become desolate. It will restrict itself to a mere pursuit of profit accompanied by an apathetic attitude to public affairs and once again reliance on the state as someone who on our behalf will take care of everything.

A modern democratic state cannot be composed, to put it simply, of merely the state administration, political parties, and private enterprises. It must open to citizens a varied scale of opportunities to enable them to become involved not only privately but also publicly; to enable them to develop various types of civic coexistence, solidarity, and participation. [passage omitted]

Moreover, a genuine civic society is the greatest insurance against various kinds of social tension or political and social shocks. It makes it possible to tackle various problems immediately where they begin and ensure that they do not fester somewhere under society's skin and finally grow to such an extent that they pose a threat to the life of the society as a whole.

We hear frequently the word standard. We are building a standard market economy, a standard political system, and standard political parties. We pass standard laws, norms, and principles and look at standard advertisements. One has nothing against it if standard means that something is well tested and good. We must take care, however, not to profess standards as such, to adopt standard attitudes about oneself in order not to succumb subsequently to the mistake of seeing everything that is standard as being customarily also good. There are things which cannot be standard because of their very nature, and which if they were standardized would mean simply that they had become simplified and inexcusably the same. [passage omitted]

A talk about civic society is of course a talk about the character of the state. I believe the Czech nation, like other advanced European nations, has already grown out of the diapers of its modern national awakening and is now mature enough to know that their Czech nationality cannot be the sole or main purpose of its existence. It must be something different and somewhat more than a mere culmination of the nation's existence.

We cherish our nation's history, its traditions, culture, and good customs. We love our language, country, and the towns in which we live, our country's spiritual climate. We equally cherish other levels of our belonging—to one's family, church, community, profession, or company, society, political party—a community of those with whom we share a common view of the world. I believe most of us already understand that none of these groups to which we profess our belonging—however well disposed toward others we might be—cannot be elevated above them and changed into some kind of a determining purpose of the existence of the state.

During World War II, Europe learned how far the idea of an ethnically pure state can lead and it is now watching this happen, in a different form, with impotent horror in the former Yugoslavia. We learned sufficiently how far the idea of a state based on class ideology led during the era of communism. We see in the manifestations of fundamentalism which is trying hard to take power in some Islamic countries just where the idea of a strictly religious state can lead. An ideology which establishes a state only, and only on considerations of how some people differ from others and thereby on what divides them, always leads to a use of force.

The only alternative to a strictly national state as created in various forms in Europe over the past centuries is today a state founded on a civic principle, a principle which unites rather than divides people without suppressing any of its specific features. [passage omitted]

To build a state on a civic principle cannot of course be done except by building a genuine civic society. I believe this is the path the Czech Republic should take. It is not a path that will lead to any loss of national or any other identity; on the contrary, it will lead to its peaceful development. [passage omitted]

Europe is now endeavoring to give itself a historically new type of order which is called unification. It is not a matter of making all nations, ethnic groups, cultures, and regions dissolve into some kind of an amorphous pan-European sea; nor is it a question of creating some kind of a monstrous super-state. It is a question of making it possible to create a space for a close, equal cooperation among various individual parts of Europe. It is a question, therefore, of building a Europe in which a powerful nation can no longer oppress a less powerful one and in which disputes are no longer resolved by force.

It is a complicated process and it will undoubtedly be accompanied by many mistakes. It is, however, something worth trying. The basic principle which makes such an integration at all possible is once again a civic principle as a guarantee that national hatred will never again prevail over normal civic cooperation. Many different civic communities of European democratic states are jointly creating a great civic European society. I do not see for us any other or better possibility than to accept this spirit of a civic Europe. It is the only way we have of ridding us forever of a fear of others.

In a democracy, relations between citizens and politicians are always a two-way process. Politics mirrors the will and moods of citizens; at the same time, the conduct of politicians influences the conduct of citizens. The task of political power, which is concerned about civic society, is therefore not only to issue relevant laws but also to care about what is understood as political culture.

To be more specific, if politicians want to awaken in citizens their best talents and powers, their resolve to serve the whole community, and their responsibility for it, then they should think more about public affairs and less about how much to foster their own career and how to successfully put something over some other politician. A good political climate is one of the important conditions of a good social climate. After all the tremors caused by the shock of our newly acquired freedom, the spirit of good will, tolerance, decency, interest in others, belief in good human features, respect for life, natural responsibility, modesty, and kindness should return to our social climate. The better we succeed in achieving this, the better life will be for all of us.

Esteemed fellow citizens, on this day four years ago I said that our country was not flourishing. What can I say today? I would not dare to say that it is already flourishing, but I am not afraid to say that green shoots have already begun to appear in many places. One can see the shoots of something new, of something promising and hopeful. [passage omitted]

Economy Minister Views Expectations for 1994

AU3012124493 Prague LIDOVE NOVINY in Czech 29 Dec 93 FINANCNI NOVINY Supplement p XI

[Article by Czech Economy Minister Karel Dyba: "What Will the 1994 Bring in the Czech Economy"]

[Text] If we consider the year 1991 to be the beginning of the real transformation of the Czech economy, in January 1994 the Czech Republic will enter the fourth year of the transformation period.

The economic policy for 1994 continues with the successful economic policy of the previous years. Of course, however, it adds some new, growth-promoting accents (cf. highway construction, housing policy, etc.). In 1994, the maintenance of a balanced budget remains the objective, while the tax burden should be relieved. The government policy of a balanced budget helps the Czech National Bank, whose task it is to protect the stability of the koruna.

Economic growth emerges from this background, as a new objective for the government that is fully compatible with the maintenance of the macroeconomic stability.

1994 is the first year in which we can say that all the corner stones have been laid, and we should witness the completion and finishing touchs to something that already exists rather than some new pivotal events. This is the fundamental information for the economic sphere, for the dependable calculability of investment decisions.

I believe that inflation will not exceed 10 percent in 1994. That is implied by the long-term trend of the development of the month-to-month inflation, which, if we disregard the one-time price shocks in 1991 to 1993, hovers within the 0.5 to 1.0 percent limits. It remains a question, however, whether the Czech National Bank should not be more flexible and pump more money into the economy. I believe that this approach would be compatible with the protection of the stability of the price levels and the rate of the koruna. At the same time, it would support the growth tendencies on the already sufficiently transformed supply side of the economy.

The gradual liberalization of prices should continue in 1994, rationed with consideration to the ability of economically weak households to bear the price moves. Another price liberalization (for instance, rents, transport tariffs, etc.) is considered in the context of the completion of the system of social subsidies. The price liberalization must not be cumulated so as to bring about useless financial expectations.

The balanced budget is one of the reasons why the government has managed to maintain a stable nominal exchange rate of the koruna. With respect to the development in the volume of foreign currency reserves, I consider this policy a good one also for the coming year, and do not expect any substantial shift in the nominal exchange rate of the koruna.

Because of the relatively high level of inflation in the Czech Republic (in comparison with our West European trade partners), the stability of the nominal exchange rate of our currency means a gradual strengthening of the competition for our domestic producers thanks to imports growing relatively cheaper. That is good for the consumer, and the producers have to adjust.

The government has sometimes been reproached that it does not adequately deal with the structural policy. I believe that we want no such policy in the sense of the selection by the government bureaucracy of the victors and the vanquished. On the contrary, it is possible that the government would facilitate the process of the necessary structural changes by general measures such as supporting the retraining of employees or—when necessary—by selective interventions of the type of the restructuring of Skoda Plzen [company]. The condition is always that the interested entities, i.e., particularly the enterprises and banks, share the costs.

It would be too soon to expect in 1994 a substantial recovery in the advanced market economies, and this will reflect negatively on the possibilities of Czech exports. Our manufacturers marked an exceptional success in export performance in 1993. The pace of growth of exports reached double-digit values at a time when competition on the world markets increased because of the economic recession. Nevertheless, I believe that, under the present economic conditions, even a deficit trade balance would be compatible with the external balance, given a surplus trade in services and a continuing flow of investments from abroad. One has to bear in mind that if the trade balance shows a deficit because of a high share of machines and equipment in the overall imports (40 percent in 1993), it will be favorably reflected in the growth of the gross domestic product in the next period and in long-term exports.

Although the unemployment rate in the Czech Republic fluctuates substantially from region to region, on average and on a long-term basis, it belongs to the lowest in Europe. This fact has its positive side (from the point of social peace) but also a negative one (from the point of economic effectiveness). Anyway, a certain growth is to be expected in the unemployment rate in 1994. That is, above all, because of the rationalization brought about by the progress of privatization, but also as a result of the effect of the law on bankruptcy and settlement. Under no circumstances, however, would I expect any dramatic shifts in the unemployment rate. I am not even calling for bankruptcies. I believe that in the instance of bankruptcies, we bear witness to the process of learning while working. Wherever a bankruptcy is the best solution to the bad situation of the enterprise, sooner or later it will come to it. I would really like it though, if the courts worked better in the bankruptcy proceedings and that the court decisions were more easily executable.

The small-scale privatization is practically completed, the large-scale one will continue in 1994, among other things, through the second wave of coupon privatization. A further dynamic development can be expected on the capital market, which has been operating smoothly for almost a year both at the Prague Exchange and within the framework of the RM-system.

The share of the private sector in the economy will continue to grow.

The volume of both direct and portfolio investments from abroad will also grow. The growth of foreign investments together with foreign loans (both state and private) will result, in 1994, in a further increase in foreign currency reserves. The ability of the economy to produce a sufficient volume of foreign currency is a prerequisite for introducing the regime of full convertibility of the koruna, which has become a topic of specific talks in banking circles.

If, in closing, I were to briefly summarize my expectations regarding the economic development in the Czech Republic in 1994, I would say the following: The economic transformation is moving in the right direction. In this respect, the Czech Republic belongs to the best among the postcommunist countries. This fact should become even more apparent in the next year that it has been so far. I do not expect any dramatic jumps, internal or external, which could threaten our economic development.

Of course, we must not underestimate the fact that 50 percent of our gross national product is produced for export. The merciless struggle for the place in the sun will continue on the world markets next year. The managers, whose performance is not up to par, should realize this fact. If they do not realize it in time, I hope that the enterprise owners will replace them soon.

Overgrown bureaucracy, tying up enterprise with numerous superfluous regulations, could also become a threat to healthy economic development next year. Let us learn from the negative experience of others, including the European Union countries.

A healthy economic development can only take place under the conditions of social peace. On the other hand, the healthy economic development itself creates conditions for maintaining the social peace. The diversification of income

is a desirable driving force of the economic growth. The economic growth, however, opens the path to a higher living standard, also for those whose wages grow the slowest. The future prosperity is in our hands.

Bank Official Comments on Past Year

AU3012150793 Prague LIDOVE NOVINY in Czech 29 Dec 93 FINANCNI NOVINY supplement p XI

[Article by Richard Salzmann, chairman of the board and director general of Komercni Banka: "What Will the 1994 Bring in the Czech Economy"]

[Text] I assume that the continuing development of the private sector, which had better results than the state sector already this year, will bring with it a tendency to a gradual growth of the gross national product. A production growth, however, can be expected only in some branches of industry (i.e. consumer goods, chemicals, wood-processing, and some areas of mechanical engineering) and in construction. On the other hand, a further decline is likely in coal mining, metallurgy, and agriculture. We can again expect imports to grow faster than exports. This is a result of the growth of personal and public consumption and the demand for investments arising from the necessary change of the production basis. This deficit will be probably covered by a surplus of services in the balance of payments, which, as a whole, will be balanced.

Our economic development will be favorably affected next year particularly by the following:

—a continuing stability of the currency

—a substantial decline in the rate of inflation

—the interest of private owners in good management

—a recovery of demand (a moderate increase in personal consumption and investment activities on the domestic market and the possibility of placing Czech goods on some foreign markets)

—social peace and, in comparison with other countries, a relatively low rate of unemployment

—budget stability

—an increased interest of foreign capital in investing in the Czech Republic.

On the other hand, the ongoing recovery process in our economy will apparently bring also some negative trends, for instance:

—pressure for a growth of wages faster than that of social productivity

—a high insolvency of companies and enterprises

—the harmful effect of bankruptcies on business partners of the bankrupt enterprises, i.e. also on banks

—a regional disparity of certain phenomena, such as unemployment, for instance.

Of the foreign influences, in addition to the, on the whole, already compensated-for losses of the markets in the former socialist camp, we can be unfavorably affected, above all, by the following:

—the certain uncertainty in the future development of the economic relations with the Slovak Republic

—the surviving protectionist efforts of the economically advanced countries

—the continuing economic stagnation in the countries of our most important trade partners, demonstrated not only by the closing of their domestic markets, but also by their intent interest in third markets.

The gradual liberalization of some more prices (rent, power, etc.) can combined with the growing unemployment reflected in the decline in the pace of growth of the purchasing power of the population, and, in extension, effect the deposits by the population and thereby the bank resources. That could weaken the activity of the banking sector—credits, capital market operations, etc. Thus, the interest of the banks in domestic primary deposits will grow, and the banks will seek funds abroad. This will increase the importance of audits of bank balances according to international standards as a token of their reliability for foreign partners.

The basic systemic measures of the transformation have been adopted. Next year, we expect the government to fine tune the conditions for the support for the growth of the economy as, for instance, exports advancement law, tax adjustment, details of the legislative conditions for the entry of foreign investors, the drafting of housing market legislation, etc. The work will continue on the prerequisites for the external convertibility of the Czech koruna, and both more radical avenues and slower gradual steps will be investigated. We expect an amendment to the law on banking, which will facilitate the development of other types of banking operations (mortgage loans, for instance). The ongoing privatization, with the emergence of stockholding companies, will put great demands on the perfection of the capital market with securities. Many of the shareholders (there are several million of them in the Czech Republic) will gradually start trading either on the exchange or on the RM-system.

The reduced inflation will result in pressure on reducing the interest rates. Over the next two years, the interest rates on the Czech banking market will gradually adjust to the rates in the advanced countries. It is, together with other prerequisites, one of the steps the banking sector must take in preparation for a possible entry of the Czech Republic into the European Community.

What are then the tasks of the Komercni Banka [Commercial bank] for the next year?

We want to keep and reinforce our position as a leading Czech universal bank, and that while fully respecting the legislatively defined monopoly limits. We must complete the organizational and technical restructuring, began three

years ago, to a standard modern European bank, and so improve the services to our customers. We will enhance the extent of our business activities, in credits as well as in trading on the capital and financial markets. We will, above all, expand credits for the private sector. For selected, superior projects, we have prepared a so-called KB PRO program with better credit conditions (substantially lower interest rates, lower collateral required, etc.) and, at the same time, with demanding criteria for assessment of these projects. We intend to more than double the trade in securities, and we will continue to expand the operation on the interbank market. To improve the situation in resources, we will expand our offer of deposit products, particularly the term deposits, so we satisfy the demands of our customers to the utmost. We are also preparing another bond issue.

The possibilities of the development of the business activities of the Komercni banka are limited by its capital as assessed by the index of capital adequacy [kapitalove primerenosti] set by the Czech National Bank. Therefore, we have decided to raise the bank's capital from the original 5 billion korunas at the end of 1992 to at least 9.5 billion korunas in 1994. We are conducting this increase in two steps—first, by an increase of 2.5 billion korunas from the equity ratio, and second, by a new issue of shares in the nominal value of 2 billion korunas. The talks on the preparation of the new issue indicate a great interest of the current shareholders as well as of the selected foreign investors. This interest is given, among other things, by the fact that the price of KB shares listed on the market show a mostly advancing trend and is a multiple of the nominal value.

The Komercni banka intends to continue in the policy of the lowest interest rates on credits, while keeping the corresponding real level of interest on deposits. In practice, this means another decline in the bank margin.

The Komercni banka has founded a home ownership saving bank and is preparing a mortgage bank as subsidiaries. Thus, it intends to fill the voids in the banking services in the Czech Republic. The home ownership savings and the mortgage loans may contribute significantly to the development of the Czech economy by stimulating the demand for construction, but also for the industry manufacturing needs for the construction and equipment of housing etc.

I believe that the banking sector in general and the Komercni Banka in particular will make another step in 1994 towards an increase in both the number and quality of financial services that are necessary for the development of a healthy market economy.

25,000 Foreigners Permanently Reside in Prague

AU2812215293 Prague CTK in English 2035 GMT 28 Dec 93

[Text] Prague, Dec 28 (CTK)—Some 25,000 foreigners with permanent and long-term stays are living in Prague, Zdenek Sykora, a Prague police official told journalists today. The figure includes nationals of 136 countries, "ranging from Afghanistan to Zimbabwe," Sykora said.

The inflow of Chinese has declined, while the number of immigrants from the former Soviet Union has been on the rise, he reported. They often work without residence and labor permits. "They arrive in the Czech Republic, as to a blessed country, in order to earn money here," he added, and noted that the employers, too, are punishable for hiring illegal workers.

The latest problem are Tunisians, Sykora said. During foreign police round-ups, when foreigners are checked, some 70 percent of the detained are from Tunisia. These people are usually heading for the West, he reported.

Sykora called nonsense the allegation that 30,000 Americans were living in Prague. He explained that according to the current estimates, about 80 million foreigners had arrived in the Czech Republic this year. If they come from the States of visa-free contact with the Czech Republic, they can stay here for 30 days with no registration necessary. Therefore, it is not possible to estimate the number and nationality of people staying in the Czech Republic illegally.

Balance With Slovaks Near Kc6 Billion

AU3012202293 Prague CTK in English 1823 GMT 30 Dec 93

[Text] Prague, Dec 30 (CTK)—The clearing balance in trade between the Czech and Slovak Republics is coming close to 6 billion Czech crowns [Kc] (about $200 million) at the end of this year, Ondrej Kvacek from the Czech National Bank informed CTK today. The new block stands at Kc4.25 billion and the old block (before the currency separation on February 8) at Kc1.50 billion. The two clearing accounts were set up on February 9, 1993 when the first payments on the old block were cleared. Payments on the new block began February 15. The Czechoslovak currency split on February 8.

Transfers from the old to the new block took place in mid-May and mid-August, and at the end of September, October and November. Compensation of the marginal credit was done in the middle of August. The marginal credit amounts to 130 million clearing European Currency Units. If exceeded, a foreign exchange settlement has to follow. At present the balance is nearest to the marginal credit (127 million).

Poll Reveals Popularity of Politicians

AU3012172693 Prague CTK in English 1604 GMT 30 Dec 93

[Text] Prague, Dec 30 (CTK)—Miroslav Sladek, chairman of the extreme right Assembly For the Republic-Czechoslovak Republican Party (SPR-RSC), is the least trusted Czech politician, a poll conducted by the Institute for Public Opinion Research (IVVM) in early December revealed. Sladek, mistrusted by 76 percent of the polled, was

followed by Chairman of the Christian Democratic Union-Czechoslovak People's Party (KDU-CSL) Josef Lux and Interior Minister Jan Ruml (Civic Democratic Party, ODS) with 57 percent of mistrust for each.

The least known politician (62 percent of Czechs do not know him) is Jan Krycer, chairman of the HSDMS (Self-Governing Democracy Movement For Moravia and Silesia, 14 deputies in a 200-seat parliament). He is followed by communist politicians Miroslav Grebenicek and Jaroslav Ortman with 58 and 57 per cent, respectively. Five and seven percent of the polled do not know President Vaclav Havel and Premier Vaclav Klaus, while Sladek is not known by 9 percent.

Government 'Disgusted' With RFE Broadcasting

LD3012205693 Prague Radiozurnal Radio Network in Czech 2000 GMT 30 Dec 93

[Text] The Slovak Government is disgusted with RFE broadcasting. This is what RFE Director Robert Gillette said in Bratislava today, adding that this is the real reason for the Slovak side's termination of the agreement with RFE.

According to Transport and Communications Minister Roman Hofbauer and Culture Minister Dusan Svobodnik, whom Director Gillette met, RFE broadcasting is biased and is directed against the Slovak Government. Gillette said that this was unsubstantiated and added that the RFE hoped to reverse the Slovak side's decision and conclude an agreement at the next meeting scheduled for the end of January.

Ministry Meets RFE Head

LD3012213593 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 30 Dec 93

[Text] Frantisek Dlhopolcek, director of the Foreign Ministry's bilateral contacts department, received the director of Radio Free Europe [RFE] Robert Gillette at Gillette's request. Robert Gillette briefed Dlhopolcek on the situation that has developed as a result of the decision made by Roman Hofbauer, minister of transport, communications, and public works, concerning the termination of the agreement between the former Federal Ministry of Communications and Radio Free Europe. During the discussion Frantisek Dlhopolcek said that under the totalitarian regime the RFE was a symbol for the Eastern bloc states and one of the few sources of free information available to citizens living in these countries. But the situation has changed since 1989 and that is why we need to seek new forms of addressing the listeners. RFE broadcasting should adapt to this, too.

SDL Official Says Government 'Lacks Leverage'

AU3012202693 Prague CTK in English 1127 GMT 30 Dec 93

[Text] Bratislava, Dec 30 (CTK)—The Democratic Left Party (SDL) strives for a parliamentary democracy in which the government would be based on a parliamentary majority, SDL Deputy Chairman Pavol Kanis says in an interview published in the pro-Christian Democratic Movement (KDH) paper SLOVENSKY DENNIK today. This explains why the SDL has proposed early elections, he says.

To avoid the crisis in which it had found itself, the Movement For a Democratic Slovakia (HZDS) formed a coalition with the Slovak National Party (SNS). Because its 75 votes are exactly half the parliament's total number of seats, the vote of no confidence in it cannot be made. However, since it is one vote short of a majority, it lacks leverage for pushing through certain issues, Kanis says, adding that he believes that the process of differentiation within the HZDS is something latent and hidden which it might be possible for all to see if members of the HZDS group of deputies show the necessary courage. If they fail to take initiative, the process might be sparked off by the worsening political and economic situation in Slovakia. Some deputies from the most deeply struck regions may come under pressure from their voters and distance themselves from the government, Kanis says in SLOVENSKY DENNIK.

Party Leaders View Meciar's Screening Law

AU3012202093 Prague CTK in English 0813 GMT 28 Dec 93

[Text] Bratislava, Dec 28 (CTK)— The independent daily SME today turns its attention to Slovak Premier Vladimir Meciar's proposal, made at an extraordinary cabinet meeting last Wednesday, to discuss the compatibility of the 1991 lustration, or screening, law with the Slovak Constitution.

(The screening law passed by the now-defunct Czechoslovak Federal Parliament in 1991 bars former Communist Party officials, and members of the former State Secret Police (StB) and the People's Militia, from high economic and political posts until 1996.)

Meciar has asked the Constitutional Court to rule that the law runs contrary to the Slovak Constitution.

SME carries an interview with chairman of the opposition Christian Democratic Movement (KDH) Jan Carnogursky, who points out that the law has already been dealt with by the Constitutional Court of the former Czechoslovakia, which ruled that only two of its provisions contradicted the Constitution, primarily the Charter of Fundamental Freedoms and Human Rights, which was adopted into the former Czechoslovak Constitution.

The Slovak Republic included the Charter into its own Constitution without changes, Carnogursky recalls, which means that if the Constitutional Court has ruled once on the law's compatibility with the Constitution, it should now ignore any reservations raised by the Government.

Eva Poganyova, a spokesperson for Egyutteles, a Hungarian minority movement in Slovakia, says on the same topic that Meciar's stance on the lustration issue has been "unclear" since 1990. She questions the sincerity of Meciar's efforts to cleanse Slovak civic and political life of StB agents. Poganyova describes the screening law as "imperfect" and stresses that it has been a political weapon in the hands of those in power from the very beginning.

Democratic Left Party (SDL) Deputy Chairman Dusan Dorotin says in the daily that SDL reservations against the lustration law as a legal norm contradicting the Slovak Constitution are generally known. Dorotin says the SDL will support all moves aimed at putting the end

to the psychosis of collective suspicion and at creating an atmosphere of decent respect towards the principles of a law-abiding state. [passage omitted]

Southern Slovaks Concerned Over Hungarian Meeting

AU0201211394 Prague CTK in English 2019 GMT 2 Jan 94

[Text] Surany, southwest Slovakia, Jan 2 (CTK)—Slovaks living in southern Slovakia today called on the foreign ministry to advise the Council of Europe [CE] of the dangerous precedent of creating destabilised areas by recognition of above-standard ethnic minority rights. Participants in today's 6th meeting of "Slovaks Living in Southern Slovakia" appealed to President Michal Kovac and Slovakia's state bodies not to allow a possible anticonstitutional contents and consequences of the meeting which had been convoked by the Association of Towns and Villages of Zitny Ostrov (SMOZO) in Komarno, south Slovakia, on January 8. The alleged aim of the meeting is to create "a special status" (Hungarian minority's) territory in the nationally mixed south of Slovakia. According to earlier reports, a 100-man assembly is to be elected at the meeting.

Most of the 560,000 ethnic Hungarians (11 per cent of Slovakia's total population) live in southern Slovakia. The appeal also calls for the passage of a law on the protection of the republic, a law on the protection of the state language and demands that at least one Slovak school be functioning in every community, something that ceases to be natural in southern Slovakia.

The appeal demands that the resolutions in which the Slovak Parliament pledged to fulfil the CE recommendations made when Slovakia was admitted to the council on June 30, 1993, be revised. The recommendations include bilingual road signposts in ethnically mixed communities, the possibility to use Hungarian first names, and others.

A second part of the document calls on ethnic Hungarians not to help foment conflicts between the Slovak and Hungarian population. The Surany meeting was attended by the deputy premiers, Jozef Prokes (Slovak National Party, SNS) and Roman Kovac (Movement for a Democratic Slovakia, HZDS), Culture Minister Dusan Slobodnik, chairman of Matica Slovenska cultural and educational organisation founded in 1863, Jozef Markus, deputy chairman of the Democratic Left Party, SDL) Pavol Kanis, and HZDS Deputy Chairman Augustin Marian Huska.

Speakers at the meeting of 500-600 people expressed Slovaks' fears of alleged attempts by the Hungarian parties represented in the Slovak Parliament at gradual "ethnic cleansing" of southern Slovakia of Slovaks and subsequent revision of the state border with Hungary. Kovac stressed that the government would not allow any territorial-administrative rearrangement of Slovakia on the basis of the ethnic principle which would aim to expel Slovaks from newly created micro-regions and would soon initiate the conclusion of a treaty with Hungary on the inviolability of the state border.

Finance Minister Views Economic Issues, EU

AU3012110593 Budapest MAGYAR NEMZET in Hungarian 24 Dec 93 p 9

[Interview with Hungarian Finance Minister Ivan Szabo by Istvan Varga; place and date not given: "Past the Nadir After Three Years—Ivan Szabo on Economic Growth and Crisis Sectors"]

[Text] Hungarian economic changes require greater sacrifices than were expected by many people in 1990. The gross domestic product [GDP] decreased by 15 percent in three years, although the decline appears to have stopped this year and it is possible that a solid growth will start next year. The question is how fast and lasting the upturn will be. A brief period of growth could easily be followed by another decline. In order to avoid this, the banking system has to be put in order, a further swelling of the budget deficit has to be curbed, and Hungarian exports have to increase. We interviewed Finance Minister Ivan Szabo on the chances and the effect of the factors that depend on us and that are independent of us.

[Varga] Recently you said a number of times that the Hungarian economy has arrived at the threshold of growth. What is the basis for this statement?

[Szabo] When we talk about the whole economy, we have to look at its various elements. One of these is industry, which started to move in a positive direction from the fourth quarter of 1992 and production has been increasing every month. It seems that, by the end of the year, industry will have produced 4 percent more than in 1992. Agriculture is in an emphatically bad situation, it has many wounds. On the basis of yields and the sown area, it can be established that the drought that has lasted many years and caused specially large damage this year caused most losses. However, it has to be admitted that the changeover also has a price: The slowest structural change is in agriculture and it is far behind the pace of industrial transformation. Services that include transport is the third big area of the economy. There is a general boom in the service sector. The small and medium size enterprises that are part of the private sphere in this sector have reached as much as 15 to 20 percent growth. On the other hand, road, railway, and water transport suffered untold losses, mainly due to the Yugoslav embargo. Therefore, we can conclude that the economy is drawn back by the low performance of agriculture and transport. Otherwise the GDP would already be showing an increase.

Special Support to Agriculture

[Varga] How much loss does the UN embargo cause to Hungary?

[Szabo] According to calculations, this now reaches $1.2 billion. However, it has to be added that $300 million arose in 1992 and this year's figure approaches $900 million.

[Varga] What does the government do to improve the situation in agriculture, which is the main crisis sector?

[Szabo] The government is trying its best, but it can only be hoped that the many-years-long drought will end. The amount of agricultural support will increase by 20 percent in the 1994 budget. I expect much from the fruition of the association agreement with the European Union. In this respect, it is positive that the GATT talks have ended, which also gives Hungary more room for maneuver. Unfortunately, in the area of transport, we cannot expect significant changes until the situation outside our border changes.

If Recession Ends....

[Varga] Experts also admit that a solid growth can be expected next year, but they immediately ask how lasting the growth is going to be. They mention the deficit of the state administration as the main hindering factor.

[Szabo] Undoubtedly, the level of the deficit of state administration causes liquidity problems in the economy. The reason is that the state bonds tie up the mobile capital of the banks. However, two factors have to be added to this. One is that our state administration's deficit would not be one of the worst in Western Europe. It is a different matter that, in their case, the budget deficit is in an economy that is operating better than ours. In addition to this the crisis that was caused by the collapse of the Soviet Union can be felt everywhere. Compared to the GDP, the deficit is twice as much in Sweden, and one and a half to two times as much in England and Belgium. I think that we managed to stop the increase of the budget deficit this year. It seems that we will be able to keep to the level of the deficit defined in this year's supplementary budget. I honestly hope that we will also be able to say the same next year. If we reach this point, then the many- years-long process, namely that the deficit is always bigger than planned, will be reversed.

[Varga] Do you feel that the economy can now start on a course of lasting growth?

[Szabo] I am convinced that it can. However, it has to be seen clearly that Hungary's economy is basically dependent on foreign markets and more than half of the gross national product is sold abroad. Therefore, Hungarian economic development mainly depends on the West European countries. The fact that we did not manage to achieve growth this year is largely a consequence of the decline there. The forecasts referring to the European Union and the European Free Trade Association [EFTA] indicate that economic growth will also start there in 1994. A modest growth in Western Europe can have a decisive effect on Hungarian exports. A 1-percent growth abroad can increase Hungarian exports by as much as 25 percent. Therefore, to answer the question how lasting the growth will be, I can say that this depends very much on foreign market conditions.

[Varga] Bank and debtor consolidation will be implemented in December 1993 and next year. According to the government's promise, this is the last step to putting the economy back in order.

[Szabo] This is needed because all losses that have accumulated in the economy over the past years now appear as dubious or bad debts. This is where everything culminates. The majority of bad debts originate from the crisis of circular debts that has been pushed along since 1988 and 1989, and it amounted to 300 billion [currency not specified] already then. And at that time, the forint had a different value.

Putting this area in order will eliminate most of the ruins forever. On one hand, bank and debtor consolidation gives an opportunity for the economy to rid itself of burdens that even effect enterprises that operate well. This helps preserve workplaces that, after a while, will lead to reducing the solidarity fund and welfare expenditure. The other result of the tidying up of banks will be that the capital ratio of domestic banks will improve. The stability of the various financial institutions will increase and the gap between interest rate on deposits and loans will narrow. The improvement of the capital ratio will also increase the privatization chances of banks.

[Varga] What is needed to be able to sell the currently rather-shaky banks on good terms?

[Szabo] According to European norms, a normally operating capital ratio is at around 8 percent, and banks that have less than this find it difficult to find a buyer. The capital ratio of Hungarian banks is incredibly low, it is usually under 0 percent. If we privatizaed a bank under these circumstances, I am afraid that it would have to be given away free and even then the buyer would be generous. If the state was not putting 300 billion forints into the banking sector then the buyers would have to do this. It is obvious that, if we do not consolidate the banks, then we will lose the purchase price. However, raising the capital ratio to 4 percent or even higher will make it possible for us to sell the banks on better conditions. At the same time, it is much easier to increase this figure from 4 or 6 percent to above 8 percent. In this case, it will be worth buying a bank, especially if the investor group can acquire a significant economic role through this. I believe that the technical and finance-technical conditions will be adequate by the middle of next year for bank privatization to begin.

[Varga] The investors of which countries show most interest?

[Szabo] Mainly European interest is big which we can also see from the fact that many foreign banks, not having found any healthy Hungarian banks, have established subsidiaries in Hungary. However, I must add that interest is shown literally from all over the world, because even a Malay bank was recently established in Budapest. Interestingly, the London-based European Bank for Reconstruction and Development [EBRD] shows a remarkably great interest in bank privatization and it would like to become part owner of several Hungarian financial institutions.

The Stages of Integration

[Varga] Whether we look at the import of capital or the export of goods, contacts with Western Europe is the key issue of the Hungarian economy's development. In your view, when will Hungary be admitted to the European Union [EU]?

[Szabo] In my view, EU membership has many conditions. One is legal harmonization, and the institutional structure also has to be set up. In my view, we are not behind in these. The transitional period while we are associate members will be enough for us to prepare for the membership. Considering all this, I expect that full membership will be possible to achieve sometime between 1997 and 2000. By this time, our institutional and economic development can reach the point at which unification will not be much of a problem either for Europe or for Hungary.

[Varga] Will the political or the economic conditions of membership be more difficult to fulfill?

[Szabo] Economic conditions certainly play a determining role. Politically it is also important for Europe that the countries of this region are economically solid, otherwise we can also shake their stability. This would have far-reaching negative political consequences. It is a completely different matter that economic integration has to be concomitant with some kind of integration in security policy. However, I believe it is Western Europe's fundamental interest that these countries that are economically linked to it do not belong somewhere else politically. The one supposes the other.

[Varga] How do you assess the achievements so far?

[Szabo] I believe that Hungary has been taking the hurdles of transition very well. The challenges in our region are huge. I think that if Hungary wants to create serious chances for itself, then 1994 will be a good occasion for this. We have to preserve the Hungarian economy from disarray, hyper-inflation, or chaos. If Hungary remains to be an island of peace, both in political and economic terms, then it can make a very big step forward. It can prove to the world that Hungary does not follow fashions and avoids right- or left-wing extremism and this meets the European standards.

Foreign Affairs Committee Chief Reviews Year

LD2912202193 Budapest Kossuth Radio Network in Hungarian 1700 GMT 29 Dec 93

[Excerpts] The parliament's Foreign Affairs Committee considers that the Russian Zhirinovskiy phenomenon does not represent a danger for Hungary. The chairman of the committee, who is a member of the Socialist Party [HSP], evaluated the deputies' work of the year at a news conference. Levente Sukosd reports:

[Sukosd] In the past year the committee operated as a forum for creating political consensus and with good result, said Laszlo Kovacs of the HSP, chairman of the committee. [passage omitted]

In reply to a question, Laszlo Kovacs said that the committee analyzed the Russian situation not long ago, but no joint stand was formulated. The chairman said that in his view, the Zhirinovskiy phenomenon did not mean danger for Hungary at present, for a strong presidential power prevails in Russia. However, we cannot be optimistic in the long term he added, for it is not only the grave economic condition which caused the present situation but also the increasing nostalgia in the Russian army and the population for Russia's former superpower role.

As for the Hungarians living beyond the border and Hungarian foreign policy in general, the committee chairman said that more Hungarian initiatives and gestures will be necessary in the future and better care will have to be taken also that statements, which could be misunderstood, should not be uttered by members of the government in connection with the Hungarian minority beyond the border. Finally, Laszlo Kovacs also considered it harmful that, according to the decision of the present legislature, the Hungarian minorities will not have direct parliamentary representation.

ΩHungarian Gallup Spokesman Predicts Liberal Victory

94P20163A

[Editorial Report] The deputy director of the Gallup Institute in Hungary, Gyorgy Fischer, said in an interview in the 14 December Budapest weekly 168 ORA that according to Gallup's public opinion research data the liberal Federation of Young Democrats (Fidesz) will win the May parliamentary election. Moreover, if the election were held now, Fischer said, the four liberal parties in the field taken together would "have a decisive lead." Asked why Gallup's forecasts "depart" from those of other well-known polling organizations in Hungary, like Szonda Ipsos—which reported recently that the former reform communists' Hungarian Socialist Party (MSZP) has "caught up" with Fidesz and that "the public sees greater chances for an MSZP victory than a Fidesz victory" (NEPSZABDSAG, 13 December)—Fischer said that the "seeming differences" result from the fact that other polling organizations "interpret their data differently." If the elections were held now, according to the Gallup data accompanying the interview, of those who have chosen a party, 29 percent would vote for Fidesz and 22 percent for the MSZP. The other parties would get the following percentages: the currently ruling Hungarian Democratic Forum, 10; the Christian Democratic People's Party, 9; the liberal Alliance of Free Democrats (SZDSZ), 9; the Independent Smallholders Party, 6; and other parties, a total of 15.

Fischer did not dispute the finding of Szonda Ipsos and other polling agencies that the MSZP has become considerably more popular since last year and that Fidesz has lost popularity. He maintained, however, that the MSZP has reached its limit while the liberal parties have reserves of potential support. "The MSZP's ascendance has stopped" in the past four months, he argued, "and in fact, we can see a 2-3 percent decrease" in its vote-getting ability. Thus, although Gallup data show the MSZP running neck and neck with Fidesz, each with 24 percent of those who consider themselves "certain voters," Fischer declared that the data do not support predictions "of a landslide victory of the left" in the next election. "The MSZP has no place to grow," Fischer asserted, "because it has already won over everyone who was a potential supporter. It seems to have come up against a brick wall that it is not likely to break through." In contrast, Fischer said, "many" people cite Fidesz and its main liberal partner, SZDSZ, as their second choice. "It is important that few people consider the liberal parties to be ones that they would not vote for under any circumstances."

A table included with the interview compares the accuracy of the 1990 election predictions made by three prominent polling organizations: Gallup, Median, and the Hungarian Public Opinion Research Institute. (A footnote indicates that the government disbanded the latter in 1990 and that "most of its leading workers now work in the leadership of Szonda Ipsos.") According to the table, Gallup came closest to calling the election, coming within 1.7 percent of the overall result and not erring by more than 2.0 percent in its prediction for any individual party. The overall error rate of the Hungarian Public Opinion Research Institute was 2.2 percent and of Median 2.8 percent.

Walesa Delivers New Year Address

LD3112210693 Warsaw Radio Warszawa Network in Polish 1900 GMT 31 Dec 93

[New Year's address by President Lech Walesa; place and date not given—recorded]

[Text] Ladies and gentlemen: 1993 is receding into the past and becoming a part of history. It is not possible now to know how it will be recorded or how the nation will remembered it. To a large extent, it will depend on its background in light of subsequent years. For now, we still lack the necessary distance for a thorough examination and a fair assessment.

The passing year was rich in important events. It was a time of disputes and emotions, of thorough political reshuffles. The September elections changed the political configuration of the parliament. They handed over the helm of government to the left wing. They closed the first chapter in the history of the Third Republic, the chapter whose substance and form had been fashioned by political forces originating from Solidarity. The elections brought them the bitterness of defeat. Their actions and efforts did not get the voters' approval. I am convinced that time will correct this opinion and do them justice.

Once the memory of things which are transitory in the lives of peoples fades, the true dimension of the achievements will become clearer—the undeniable achievements that have changed the face of Poland.

The passing year was a year of disappointments but also of hopes. Our hopes came from a variety of sources. For some people these were the economic results heralding the beginning of growth, the overcoming of the economic collapse. For other people these were the political changes that have been carried out. These sources need not be mutually exclusive.

I wish all of us to be able to receive hope from both of them in the coming year. May the new team not disappoint those for whom it was their hope. May it dispel the fears of those for whom it was a denial of hope. May it be bold but also prudent. While improving the efficiency and effectiveness of the state, may it not dampen its citizens' enterprise and initiative, and, while improving things that need improvement, not destroy the things that have started to bear fruit.

The year that has passed was also a year of promises. That is a natural thing in an election year. Now comes the time of their verification. We have to change from electoral poetry to prose of governance. The next few months will show whether the force of words is backed by a real force of ideas and implementation.

So may the year of promises not be followed by a year of disappointment. I wish the people wisdom of their rulers. I wish the country peace and success. I wish the state prosperity. May the year we are going to greet in a few hours' time be happy and more prosperous.

Walesa Expresses Support for Army

WS3012142093 Warsaw RZECZPOSPOLITA in Polish 30 Dec 93 p 2

[Report by Maria Wagrowska: "The President Will Back the Army"]

[Text] Addressing members of the Polish Navy, Coast Guard, Air Force, and the Air Defense, President Lech Walesa, commander in chief of the Polish Army, said: "I have had many problems over the last three years, but there were none with the military." The president spoke at a New Year's meeting held on board the largest Polish destroyer, Warszawa.

Lech Walesa also assessed the elapsed period of his presidency, saying that "everything is okay in the concept that I once chose, however there were problems with the realization of the latter." The president added: "I bet on democracy and reform initiated by the people. Poland did not let others win the race. We will never have a better legislature than the one we have now; I mean that everything was discussed over the last four years and it only has to be given legal footing now."

Walesa stated that he had made no decision thus far regarding his running for another term as president but added that he would like to give it a try.

The president swore that he will do his best to assist the Army, saying in Piotr Kolodziejczyk's presence: "I will try and assist [the Army] through the person who is an expert in this matter. I will not put up with political divisions in the Army." The president advocates adopting the Army's budget once every four years, so that the Army can plan in advance.

Lech Walesa informed the audience that he will personally attend the 12 January conference of Visegrad Group leaders with President Bill Clinton, saying: "I hope he listens to us."

Answering a RZECZPOSPOLITA question regarding hopes placed on the 10-11 January NATO summit in Brussels, the president said that we should approach the West set by step, staying in the West's orbit. The West is skillfully scheming. It is happy that the Warsaw Pact and the communist bloc have ceased to exist, while we want a unified Europe.

Walesa on Threat of 'East-West Confrontation'

LD0201170094 Warsaw PAP in English 1647 GMT 2 Jan 94

[Text] Warsaw, Jan. 2—President Lech Walesa said on Sunday [2 January] in an interview for the Italian daily LA STAMPA that there was a threat of new east-west confrontation like the cold war unless the European Union embraced the East European countries that had been in the Eastern European bloc. If the European Union and NATO do not admit the Eastern European countries, Russia would seek to re-assert its influence in

the region, said the president. If Europe and NATO decided within a short period of time, six months at the most, to expand gradually towards the European countries that were communist, then the field of confrontation would diminish, Walesa stressed. He added that otherwise Russia will take the initiative, exercising economic pressures on Poland and countries more important than Poland like Ukraine. We will have to give in to compromises and the former Soviet bloc will organise itself again, concluded Walesa.

Pawlak Stresses Importance of NATO Links

LD0301122394 Warsaw Radio Warszawa Network in Polish 1105 GMT 3 Jan 94

[Excerpts] The government's most important tasks concern the economy, declared Prime Minister Waldemar Pawlak during this morning's conversation with listeners and journalists of Polish Radio's First Program. [passage omitted]

One of the important subjects broached during the conversation with Prime Minister Pawlak was the possibility of Poland joining the economic and defense structures of the West.

[Begin Pawlak recording] This is not just a case of our expectations and our choice—it is also a case of the decision and the responsibility of European and other countries that make up the NATO structure. I think it is in our common interest that the changes that took place in 1989 should find a very definite expression in these joint interrelations—both economic ones and those connected with external security—in order that we might calmly be able to say that this was not just a short breath of freedom before having to cope with the same problems that we have had to deal with for such a long time. [end recording]

Pawlak Explains Economic Tasks, Privatization

LD0301100994 Warsaw Radio Warszawa Network in Polish 0800 GMT 3 Jan 94

[Text] The most important tasks facing the government concern the economy, said Prime Minister Waldemar Pawlak during this morning's early conversation with listeners and journalists in the "Signals of the Day" program. The most dangerous and the most difficult to deal with are foreign and internal debts and the payments hold-ups between enterprises. The prime minister believes that Poland, with the potential of its people and its economic potential, is capable of holding a worthy place in Europe.

Listeners asked the prime minister about his views on privatization:

[Begin Pawlak recording] As far as the principle goes I think one can say one thing: we must sell less and sell it better—and then we shall all be satisfied—because when comparing the effects of privatization for this year, when revenue from privatization amounts to about $400 million, when comparing this to some specific undertakings I don't know whether with this kind of money one could build as much as a Kwidzyn [city in Gdansk province]. So this illustrates the scale of this phenomenon.

So I would like to stress again: The point is to sell less—for a better price. And then there will be no doubts regarding this process.

It is important that privatization should not be a program motivated only by ideology; it should be an undertaking which would improve the efficiency of the economy and an undertaking which would allow us to stabilize the economic situation. Here we have the example of other countries which managed to implement large privatization projects and to stabilize their economy. If this revenue is not used as soon as it is received then there will be both acceptance and justification for effecting such important undertakings. This task faces us all—faces the government but also those who have a good grasp of the money market: to introduce procedures which will be effective. [end recording]

Kwasniewski on SdRP, State Reforms, Walesa

WS3012150093 Warsaw RZECZPOSPOLITA in Polish 30 Dec 93 p 3

[Interview with SdRP Chairman Aleksander Kwasniewski by Ewa Kaszuba; place and date not given: "Political Ornaments"—questions published in boldface]

[Text] [Kaszuba] Will the new political debate which has been initiated within the Social Democracy of the Polish Republic [SdRP], the aim of which is to define the party's new goals—will it make the left wing continue the political reforms initiated by "Solidarity?"

[Kwasniewski] After four years, we have found ourselves in a completely new political situation, so posing some fundamental questions is very appropriate now. The main elements of change in Poland are permanent, and we cannot make just a step back from them, but even a step sideways. I mean democracy, free market, ownership transformations which increase economic efficiency and the economy's openness to the world, I also mean the country's sovereignty and its inclusion in a European security system. Still, the question remains of how we intend to go about strengthening those main elements while at the same time implementing our program. I regard a third element as a personal task of mine—the Polish political scene must stabilize itself, and once it has acquired a definite shape, there must be room in it for a strong social-democratic party. Such a party will be in power at times, and in the opposition at other times, but it will never be condemned to have any to-be-or-not-to-be doubts.

[Kaszuba] But if the left-wing government survives for four years, then it will finish what "Solidarity" has started.

[Kwasniewski] No, it will not finish but rather continue what "Solidarity" started. We are against constant revolutions taking place—it would be a very bad thing if Poland was to adopt the kind of development model which is similar to the movement of a pendulum: From one wall to the other, and back again. Development is about strengthening achievements that have already been made and about introducing changes which would be in accordance with people's expectations. One can then live in a country which is better organized, with a higher standard of living and equal opportunities. In that sense, it is a continuation, and I am not afraid of using that word. The essence of the transformations—which by the way were initiated earlier, since even though these were slogans proclaimed by "Solidarity" many of them were also declared during the "Roundtable" talks—is to transform Poland into a democratic, well-organized, economically efficient, significant in global terms, and normal kind of country.

[Kaszuba] And also a capitalist one, with a constitution of a bourgeois democratic state.

[Kwasniewski] That ideology's significance around the world has been getting smaller and smaller.

[Kaszuba] Fine, but is it not your perception that we have an historical paradox here? Or maybe on the contrary—maybe it is a natural course of events?

[Kwasniewski] I would lean toward the latter. Social democrats the world over have managed to make their contribution to free-market and democratic systems. But there is a debate going on about whether it is capitalism, socialism, or social democracy, and about what all these are supposed to be about. If we want to get something useful done in Poland, then we must immediately abandon such obsolete labels. If capitalism is a system of free markets with different ownership forms and based on democracy, then we are after capitalism. But should capitalism be described as exploitation of man and supremacy of the class of owners, then we should not be building capitalism. But for me it is a completely useless debate. The point is about having a vision of the country—we may call it what we want, even though I tend to prefer calling it a social-democratic system—in which there would be a free market, different ownership forms, an effective economy, a democracy, and with people having equal opportunities and power to influence official decisions.

[Kaszuba] For some time now, the fate of the Democratic Left Alliance [SLD] as an election alliance has been trembling in the balance. For many different reasons, the groups forming the alliance have been embarking on their own roads, while SdRP wants to take upon itself the task of leading SLD. Is SdRP already strong enough for that?

[Kwasniewski] SdRP is in a situation of absolute necessity—it is the main pillar of SLD, and it is the only force to have nationwide political structures which are capable of implementing political tasks which are about getting ready for elections, explaining the government's measures, and looking for social support for these measures. In my view, the solution to the issue is in the hands of trade unionists, not SdRP. It is the trade unionists who found themselves in the most difficult situation. It is natural for them to be in the opposition—they are critical of the government and they make demands while at the same time avoiding any responsibility. Right now they are part of the governing coalition and so they must change their line of reasoning—from contesting and making claims, to a more pragmatic and efficient solving of problems facing employees. But the weak side of that concept is that the trade unions' role is not very spectacular, and that it will be hard to try to argue with the shouters and it will be even harder to win battles with them. The All-Polish Trade Unions Agreement [OPZZ] is not the first trade union to have found itself in this kind of situation. We are familiar with what "Solidarity" went through—the union has never decided to back the government completely, it led to the government's collapse and today it is absent from the parliament. That is an important factor in debates. OPZZ is not the first trade union to participate in political structures, either—it was the same case in Sweden, Spain, and Greece for years.

[Kaszuba] What other source of SdRP's radicalization in personnel issues could there be aside from its feeling of strength?

[Kwasniewski] It is not a radicalization at all. Does election victory in a democratic country mean that a government is formed and the winning party makes no appointments apart from ministerial posts, with the president's policies being implemented in presidential ministries, and the predecessors' policies being implemented in the other ministries so as to gain support from the mass media? Does that also mean that there are no changes at the level of voivodships [administrative districts], even though some voivodes [local government officials] do not have any great willingness to cooperate with representatives of the new government? That would not mean being in power but enjoying being in power at the supreme levels. We think that every government should have necessary instruments and procedures at its disposal. This is also the essence of the dispute about participation in presidential ministries' leaderships. They are included in the government's structure so the prime minister and the whole coalition bear responsibility for measures undertaken also by those ministries. So we would like to have some influence over them. The whole issue would never have even come to surface if it was not for some deficiencies in the process of agreeing on certain issues. We came to the conclusion that direct influence is insufficient. So for the sake of those ministries, and for the sake of integrating measures undertaken by the government with those undertaken by the president, a system must be created in which the flow of information and consultations would be complete.

[Kaszuba] But the sudden interest expressed in the ministries tends to create the impression of the coalition

having come to a conclusion that it can afford to get involved in a conflict with the president at this stage.

[Kwasniewski] The president is someone who undertakes different measures and makes different value judgments at different points in time. Our proposals—these were jointly agreed upon by SLD and the Polish Peasant Party [PSL]—are neither a result of a willingness to be begging for conflicts, nor of a contention that the president is now weak, so one can launch an attack on him. Rather, the proposals are the result of a conviction that the ministries' activities cannot be out of the government's control since that would mean that first, we would create an unconstitutional situation. Secondly, a joint creation of concepts by the ministers, the president, and the governing coalition, will better serve the cause of ruling the country.

[Kaszuba] And the coalition hopes that the president will continue to swallow the bitter pills without uttering a word?

[Kwasniewski] What bitter pills? I am sure the president will understand that it is in his best interests. After all, you just cannot think this way: This is my backyard and everybody else can keep their noses out of it. There are no constitutional provisions to justify such a view. If foreign, internal, and defense policy is to be implemented exclusively by the president, then government members should not implement it but rather high-ranking officials in the President's Office. The Constitution provides—and we adhere to this—that the president is the commander in chief of the Armed Forces, that he participates in shaping both foreign and domestic policy, and that he has influence over filling those posts. The ministers were appointed in accordance with his wishes, and now the coalition would like to have the possibility of participating in decisionmaking within the ministries. Foreign policy, internal policy, and defense issues—these are the main parts of any government's business and that is the case around the world.

[Kaszuba] Two months ago, SLD used to say it does not plan on replacing voivodes. Right now the party—along with PSL—announces widespread purges.

[Kwasniewski] The fact that up to now there have been very few changes proves that there is no purge going on whatsoever. I think we will always be between two extremes: On the one hand there will be views expressed that the coalition fails to influence an important part of the government's policy, but on the other hand, following any kind of personnel measure there will be talk of purges and retaliation. Both views are false.

[Kaszuba] But one does not change one's views on an issue as important as this within a period of two months. Is it not the case that by leaving voivodes alone the coalition was courting the Democratic Union [UD], but once it found out there is no chance for agreement—at least for now—then it decided to come back to the issue?

[Kwasniewski] Our relationship with UD was predetermined by recent statements made by its leaders. UD wants to remain a definite opposition party and an alternative to the arrangement now in power. Aleksander Smolar even wrote that it was a mistake to vote for Oleksy, that it was a mistake to abstain during votes in the Sejm Constitutional Commission, and that one should have shown society with determination that UD was in opposition. In that sense, the roles have been divided and I can see no political possibilities—even though one could find some substantive ones—to come into alliance. I cannot imagine, either that following PSL's statements during the debate on a vote of confidence for Suchocka's government, we could see UD courting PSL again.

[Kaszuba] SLD abstained, so it can keep courting.

[Kwasniewski] We did not abstain from courting UD. There was too much politics in the debate and not enough of sticking to the letter of the law. Political decisions concerning the previous governments had been made—both of them were brought down. To me, that was when political issues were done with. The question put before the Sejm was: Was the budget adopted by the previous Sejm ever implemented? If someone thinks it was not implemented, then he should continue the trail and look for the guilty party.

[Kaszuba] There was talk in SLD circles under the previous Sejm that Ireneusz Sekula was a wasted seat in parliament. How did this sudden reversal come about, I mean his appointment as chief of the Main Customs Office?

[Kwasniewski] Sekula is a good organizer and manager, he is experienced in working in large, state-owned institutions, and he is also psychologically predisposed to carry through difficult operations. He is just strong psychologically. Apart from that, he also enjoys social support, he has been politically active since 1990, he was elected Sejm deputy twice, and had he not been elected, he would not have made the comeback now.

[Kaszuba] But he has always aroused controversy, even among his colleagues from his deputy club.

[Kwasniewski] Yes, and that is why he occupied position number 16 on the electoral list but he still managed to win in his electoral district, and that must be respected. Those colleagues who had raised their objections and then lost to Sekula, should bow before him.

[Kaszuba] Is the essence of the governing parties' farsightedness about that they will take up the most important posts and the government's immediate base, followed by having provisions on public civil service enacted which would be apolitical and not subject to changes along with changes of political teams? And this way, the supposedly apolitical posts will be permanently occupied by people representing the left wing?

[Kwasniewski] We need a law on civil employees of public services but if it is enacted, then it will be possible to withdraw political nominations. The point must be defined at which public and irremovable service begins which would be based on contracts, and then people must be found to fill those posts, people whose political views will be irrelevant.

[Kaszuba] Can you say with absolute certainty that this will be the order in which events will happen?

[Kwasniewski] That order simply must happen, if all this is to make any sense at all. In any case, nobody will believe that a politically appointed voivode can become a "civil servant" overnight. We will deal with that when the right time comes. Of course, once the law becomes effective, it will influence the way personnel are appointed. It would be the same case if UD was in power today. After all, the apolitical nature of voivodes presented a diversified picture under the previous cabinet. Not only were they not apolitical, but they were also active in specific political parties, including PSL. SLD was the only party which was totally absent from state administration agencies.

[Kaszuba] And you insist that is not retaliation?

[Kwasniewski] One could comment on any kind of change by saying it is retaliation. The word is being used much too often; one could speak of retaliation if changes were introduced everywhere after two months and if people from the old Polish United Workers Party took up voivode posts. That would be a case of retaliation, it would be a purely political act, and also complete stupidity. An opinion on people performing public posts cannot be political in its nature and nothing else. If we have a case of a good voivode—and I know a few of those although I want to cite no names since I am not sure whether that could harm them or be good for them—who happens to be from the right wing, he should remain at his post. But if there is someone who is incompetent, then he must leave. The coalition is not only responsible for who is in power, but also for the entirety of issues in Poland. What about personnel replacements? Of course they happen—that is the case all over the world when it comes to such posts.

[Kaszuba] It has been a month and a half since your apology in the Sejm [for abuses under previous communist regimes]. Do you feel you have been forgiven?

[Kwasniewski] I did not expect anybody to forgive me.

[Kaszuba] So why did you make the apology?

[Kwasniewski] To me, the "I'm sorry" was an important political act. In the context of the whole speech it meant that the past is a closed chapter and there is no going back. I am aware that 20 percent of the people voted for us, but on the other hand, many people fear going back to the old ways. And I think that those people who can afford to speak frankly and do not have to decorate their statements with different political ornaments—I think those people approved of my statement. They became convinced that there is no going back to an era which we are all fed up with.

Sejm Speaker on Walesa, Budget, Pawlak

WS3112133093 Warsaw Radio Zet in Polish 0715 GMT 31 Dec 93

[Interview with Sejm Speaker Jozef Oleksy by Krzysztof Skowronski at the Radio Zet studio in Warsaw; from the "Guest of Radio Zet" program—live]

[Text] [Skowronski] Radio Zet's guest today is Sejm Speaker Jozef Oleksy. Good morning to you.

[Oleksy] Good morning.

[Skowronski] I think there has never been a New Year's Eve with this kind of rainy and hopeless weather.

[Oleksy] Yes, it is a dull day, very bad weather, and it is warm and wet. It is not going to be a successful New Year's Eve.

[Skowronski] And how are you feeling, Mr. Speaker?

[Oleksy] Well, I am overworked, I am looking forward very much to this weekend, the relaxation and the tranquility. And this is exactly what how I will spend the three days.

[Skowronski] Will you have a New Year's Eve celebration, or not?

[Oleksy] I am not planning on any. I have conducted negotiations with my wife and we are not going to any ball—we will just stay home with the children, quietly. There could be the problem of a possible traditional invasion by my colleagues and friends, but I think I will be successful in avoiding it.

[Skowronski] But there is a bottle of champagne already cooling in the fridge.

[Oleksy] Yes, there are a few of those to be used later.

[Skowronski] You said a few bottles, so that means two, or perhaps more than that?

[Oleksy] Well, there are three bottles.

[Skowronski] What can one see from the top of the power structure? What is happening in Poland?

[Oleksy] We can see that the end of the year is surrounded by a situation of decreased emotions, as it were—that is my impression. By the way, the year was full of significant events and issues, and if that perception of mine is correct, I think one can look forward to 1994 as a relatively peaceful kind of year. I think that the thing that could disturb the peace is some kind of social tension, or problems in major factories, but let us hope it will not happen because then—with quite a rigorous budget, as can be seen from the budget draft—if the budget was to be implemented within that rigorous

framework and if it would not be coupled with any major social disasters in workplaces and in different social spheres, then one could say that this relatively peaceful 1994 could be a sound basis for 1995, which would then be a year of a clear improvement of the country's situation.

[Skowronski] You use phrases in your statements from time to time, describing the danger of social disasters or protests. Is there a major danger of this kind? Is Poland's situation.... [pauses] At what point are we now?

[Oleksy] I think that this type of tension will continue to accompany the process of transformations for a long time still, since there are differences in situations of different economic establishments, in their financial conditions and consequently also in the situation of people who are employed there, so it is inconceivable that there should not be any tensions at all. The main point is about the scale of those tensions and about the possible tendency to use such tensions for political purposes. I hope—and I trust very much—that the peace at the end of this year means that next year there will not be any tendency to use what are oftentimes natural tensions and the population's dissatisfaction for political goals. May we see as little as possible of that, as I said. May we see that there is a relatively popular understanding of the situation, and also may politicians and parties—contrary to what happened not so long ago—abstain from using these tensions which may occur, for purposes of their political games.

[Skowronski] When will the battle for the Belvedere begin in Poland?

[Oleksy] I think it is already beginning, gradually—it is not very clear to the public at times, but sometimes one can clearly see its signs. But I think it is too soon for that yet. I think work on a new constitution will unavoidably mark the beginning of at least a more clearly visible debate on future power structures, on divisions among different authorities, on who is to have how much power, and also on the mutual relationships among the individual components of state power at the highest level, and also on what kind of decentralization of political power should occur in the direction of self-governments. There are self-government elections coming up in May which will not be legally prepared to a sufficient degree as it were, I mean from the standpoint of executive laws and comprehensive changes in the system of financing gminas [small administrative units]. In a word, I think that the beginning of work on the new constitution will mark the actual beginning of a debate—and also perhaps of emotions or of attempts to have one's own way or of showing the direction one wants things to head. I think that beginning sometime in mid-1994—or practically speaking, from the moment the legislative initiative submitted by the Union of Labor is voted upon—then we will be able to speak of the beginning of a constitutional debate, including the part of the constitution related to presidential elections.

[Skowronski] Due to your official duties, you have been meeting very often with the president, that is Lech Walesa. What is the rapport between you two? Could you give us more of a personal type of answer?

[Oleksy] It is an overstatement to say I have been meeting with him very often.

[Skowronski] But it is certainly more frequent than before 19 September?

[Oleksy] Definitely. Well, President Lech Walesa is an extremely good conversationalist and a man who is capable of even being extremely engaging and straightforward during direct, personal contact with him, and one could also say he is human and normal in such moments. This is different to what he projects publicly when one's personality always comes through in a different way, even somewhat artificially, too. But I miss one thing in these contacts with the president: a more thorough discussion of Polish issues, I mean the kind of discussion where the country's president and Sejm speaker—perhaps also with some other participants, but not too many—would be involved in a deeper kind of wider debate. After all, it would not be binding when it comes to decisionmaking, but it would reduce differences in information levels and it could also contribute to a convergence of views on some very immediate issues, but ones which are significant in the long run. That is what I would like to see. Our conversations very clearly pertain to the immediate situation at hand, issues or even differences of opinions, but there has not been any opportunity for conversations about the country during which—as I said—the highest ranking politicians would—I can see it as in a picture—be looking for common ways and common views, while very concerned for their country's fate.

[Skowronski] So the president has not revealed to you the fundamental plan for Poland which he had prepared three years ago?

[Oleksy] I am trying very hard to convince the president to go back to that fundamental plan, but this time it cannot be in the form of a slogan. I am convinced that a slogan....[pauses] A fundamental plan is very important for Poland today because it is time now—after the change resulting from the elections, after four years of accomplishments, after a certain clarity ....

[Skowronski, interrupting] You mean after four years of success?

[Oleksy] No, success is a very dangerous term here, but there were certainly some accomplishments and a democracy during those four years, also a market economy was built and there was all kind of turmoil—which by the way is also a valuable lesson—so after the four years, after the post-election turn, and after—I think—emotions and fears in connection with the center-leftist government have subsided, it is now time for a strategic kind of approach, a common approach, not just by one or two governing parties, but by many ingredients

which have the power to shape public opinion or even to shape power in the country; it is time for a common approach to a strategy which would extend even beyond the next two or three years. That is the equality plan—this is the way I see it—but it must have substance to it and that is why I have been trying very hard to convince President Walesa—within his coming back to the fundamental plan since he is already doing that—to make his staff return to the plan—perhaps also in debates with others—in a way that would make it specific and adapted to debates on practical solutions.

[Skowronski] If you were to outline such a fundamental plan right now, what would be the first item there?

[Oleksy] Undoubtedly the first item would be the issue of debts incurred by the state, both domestic and foreign, and everything that must be done to eliminate or at least decrease this phenomenon, which is extremely dangerous for the economy. A second issue would be a constitution which would put in order some principles of a democratic and legally based country since there has been a lot of confusion created around those issues. A third issue would beyond any doubt be a strategy of a more thorough look at long-term security of the country, including a thorough analysis of the radical events in Russia and their impact on possible changes in Western views. I think that Poland faces the danger of ending up in a kind of vacuum—may it not come to that, the activity in that area is quite clear. I know and I have been saying that Poland is not secure, either externally or domestically. The president has been saying the same thing by the way, except—as I said—it requires more specific proposals, and I think that apart from these three issues, there is certainly also the unquestionably strategic issue of self-governments and of adapting the state and its structures to a new approach to our Third Republic, and so these four issues are included in the fundamental plan. I ignored here of course such issues as the civilization standard of society's education....

Yes, we could go on listing such issues here.

Will the left wing win the self-government elections? Are you convinced of that?

[Oleksy] We are all wondering what will happen and I think it is not just us, the left wing. If the left wing were to win the elections, that would be a very important confirmation of the way the majority of society thinks politically, not only at the top but also in local communities. There could occur different outcomes and I think we will not manage to prevent a process of making these self-government elections political, but that would not be a good thing since in a well-ordered country, self-government elections should be far removed from political games.

[Skowronski] Do you think that the voters are disappointed after the few months of left-wing rule?

[Oleksy] I think that there are no reasons whatsoever as of yet to be disappointed. We did what was technically possible to do for the poor and weak within a period of two and a half months. There were also similar announcements made with regard to 1994. It may be a disappointment with regard to the extent of the measures, but the fundamental thing is that a trend to have good intentions and the will to act was demonstrated, I mean with regard to budget-type measures and not just for 1994, with the main emphasis being put on looking for possibilities to assist the weak of our society. The fact that the raises are modest and that the valorization levels are not too high—that is an issue of financial possibilities and of the state of public finances that the coalition took over from the previous team....

[Skowronski, interrupting] You mean an empty state Treasury?

[Oleksy] And that requires time. I think a majority of people understand that. I think what people need the most today is the faith that they are being treated with honesty, that the government thinks about them, and that their problems are regarded as number one, while I think the majority understands that the rates of increases and the scale of financial assistance will increase with the passage of time.

[Skowronski] Do you like the budget draft presented by Prime Minister Pawlak?

[Oleksy] To be honest, I will only begin studying it in a thorough manner on New Year's Day. I am familiar with all the main principles of the draft and also with the arguments that were voiced. I think that among the draft's negative sides could be its underestimation—even though others say it is an overestimation....

[Skowronski, interrupting] Underestimation of what?

[Oleksy] Of budget revenues. I personally think that taking into account huge disputes which we may see on that occasion, the budget I think will be adopted with minor modifications only, but then the government will have to work very hard to increase the revenues. Expenditure cuts are already out of the question in most of the areas.

[Skowronski] Sejm Deputy and Minister Miller has been announcing a major battle surrounding the budget. Are you afraid of Deputy Miller? Is he capable of making the budget fall apart?

[Oleksy] Deputy Miller is a very consistent type of personality and he should be praised for that. I like it when people display such traits. I think he has been performing his job in a responsible manner and I think that constitutes a certain discomfort to the prime minister, to the coalition and to the Democratic Left Alliance....

[Skowronski, interrupting] But he still demands 6 trillion zlotys?

[Oleksy] Exactly, and he also provided justifications for his demands and he demonstrated from which sources

he intends to get the money. I do not think it is a good thing to have such public disputes between individual ministers and the Council of Ministers as a whole, which is the body that adopts the budget as a whole. But if you look at it from the standpoint of a certain course of action required for the sake of meeting social needs, I say he has been doing that with dignity.

[Skowronski] You said you do not discuss the fundamental plan with the president. Now what about Waldemar Pawlak?

[Oleksy] I have had many more discussions with him than with the president, there is a very direct contact between us and that is a natural thing to happen between a prime minister and the Sejm leadership....

[Skowronski, interrupting] So the prime minister's female assistant does not have to be an intermediary?

[Oleksy] But I have not debated the fundamental plan with the prime minister yet.

[Skowronski] What about relations with Aleksander Kwasniewski?

[Oleksy] I have been debating all kinds of plans with him—both fundamental plans and also the less important ones, and even additional or complementary ones, but we have not finished the overall debate yet.

[Skowronski] Why did Aleksander Kwasniewski not make a speech during the recent Sejm debate following the prime minister's address?

[Oleksy] Because that was the first instance of the prime minister deciding to make a speech in a kind of ad hoc manner, and under that situation it was quite logical that the time for debate and discussion should be given primarily to the opposition. After all, what could a speech made by a member of a coalition party contain? Of course it would be praising what the prime minister said. I even thought it would be quite logical not to have any governing party speak out then, after the prime minister's speech. Yes, a Polish Peasant Party representative did speak out, and Kwasniewski did not. It is not the end of the world.

[Skowronski] What was the happiest day in 1993 for you, Mr. Speaker?

[Oleksy] Definitely 19 September.

[Skowronski] Why is that?

[Oleksy] Because a lot of psychological burden was taken off my chest at that point, which I had had inside of me before then, as it turned out, and I was not even conscious of that burden. The election results took that burden off me and allowed me to breathe with relief again when I realized that if you act according to rules of honesty and persistence in a democracy, it must bring positive results sooner or later.

[Skowronski] Is a man who is speaker of the Sejm a happy man?

[Oleksy] It is a hard and dangerous thing to speak of happiness with regard to politics. My job is first of all about work and service—that is the way I see it and I am not looking for happiness in the job of Sejm speaker but in hard work, and if work is a source of happiness—which it is in some cases—then my answer is yes.

[Skowronski] Thank you very much for the conversation.

[Oleksy] Thank you.

[Skowronski] Radio Zet's guest today has been Sejm Speaker Jozef Oleksy.

Rakowski Indicted for Currency Fraud

LD3012163093 Warsaw PAP in Polish 1451 GMT 30 Dec 93

[Text] Warsaw, 30 December—An indictment against Mieczyslaw F. Rakowski in the case relating to the illegal turnover of hard currency in 1990 between the former CPSU and the former PZPR [Polish United Workers Party] has been directed to the Regional Court for Warsaw by the capital Prosecutor's Office, its head, Prosecutor Jerzy Labuda, has reported.

The Prosecutor's Office accuses Rakowski of having in January 1990 received from the then CPSU Central Committee a loan of $1.2 million and 500 million zloties without the required hard currency permit, which broke the Treasury Penal Law. This was to have been financial aid for the PZPR prior to its final congress.

On 8 December, the Prosecutor's Office discontinued proceedings against Leszek Miller in the face of a lack of evidence of his having committed a crime. He had been accused of having repaid $600,000 of this loan in November 1990, transgressing the law. In accordance with the regulations in force in 1990, the actions of which Rakowski is accused carried the penalty of a fine of up to 2 million zloties.

The capital Prosecutor's Office commenced an investigation in November 1991 on the basis of materials gathered by the State Protection Office. It had been waiting for many months for a reply from the Russian prosecutor's office, which it had addressed with a request for legal assistance and the questioning of USSR former Vice President Yanayev and a number of employees of the former CPSU Central Committee.

In the middle of October this year, Prosecutor Janusz Regulski, who was then leading the investigation, decided to discontinue it, inter alia in the face of the low credibility of the testimony of the two Russians involved in the financing by the former CPSU of other communist parties.

The implementation of this decision was suspended though; in the view of the heads of the capital prosecutor's office, Regulski inter alia deemed the action of which Rakowski is accused an action "of low degree of social threat," whereas the amount of money at hand was the not at all modest sum of over a million U.S. dollars.

Ministry Passes State Secrets Legislation

LD3012181493 Warsaw PAP in Polish 1609 GMT 30 Dec 93

[Excerpts] Warsaw, 30 Dec—On 30 December 1993 Internal Affairs Minister Andrzej Milczanowski repealed the clause "confidential" from the Ministry of Internal Affairs' [MSW] 1983 instruction on principles and ways of handling classified information and professional confidentiality.

The instruction is one of the executory regulations accompanying the 1982 Law on the Protection of State Secrets. MSW press spokesman Andrzej Szczypinski announced that the text of this regulation would be made available to the press next week. [passage omitted]

Szczypinski did not deny that today's decision by the interior minister was connected with a discussion on the government's draft Law on the Protection of State Secrets and Professional Confidentiality presented in the Sejm on 2 December 1993. Among other things, the draft bans every person, including journalists, who has information classified by the government as secret from revealing it. Jerzy Zimowski, deputy minister of internal affairs, said on 22 December that the ministry "will not favor solutions too harsh for journalists" and suggested that the role of the press in cases of classified information should be discussed.

Striking Miners Reach Agreement With Government

LD3112084393 Warsaw Radio Warszawa Network in Polish 0100 GMT 31 Dec 93

[Text] Representatives of the striking workforce of the barite colliery in Boguszow have reached an agreement with the government that makes it possible for the strike to be suspended or broken off. The state budget will give 12 billion zlotys to the Fund for the Walbrzych Area so that the mine can operate for three more months.

Government Announces Projected Price Rises

LD0101224894 Warsaw TV Polonia Network in Polish 2000 GMT 1 Jan 94

[Report by correspondent S. Matczak, including recorded remarks by Marek Borowski, deputy prime minister and finance minister]

[Text] The government has prepared a diary of this year's price rises. It has done this to ensure budget revenues and to avoid springing surprises on the public. According to [Deputy] Prime Minister [and Finance Minister] Marek Borowski, the planned rises are lower than assumed in the agreement with the World Bank.

[Matczak] According to the authors of the official inflation index, there are few countries which have a totally free market. For instance, in Germany six years ago the state controlled more prices than in Poland at present, but no one used to deny there was a free market in Germany. [video shows cash tills; street scenes]

We are going to get the first round of price increases in February. After electric power and gas, fuel prices will go up in March, while those of central heating, hot water and medicines will go up in April. [video shows following table]

1994 Price Increases

month of increase		percent increase
February	power	18
	gas	28
March	fuels	8
April	central heating and hot water	30
	medicines	15

In June there will be another price increase of fuels. An increase in housing rents, which have been postponed since last September, will be introduced in July. Also power and gas prices will go up again. [video shows following table]

1994 Price Increases

month of increase		percent increase
June	fuels	6
July	rents	130
	power	10
	gas	12

In September there will be a third rise on motor fuel prices and another one on medicines, while in October hot water and central heating will go up. [video shows following table]

1994 Price Increases

month of increase		percent increase
September	fuels	6
	medicines	5
October	central heating and hot water	30

[Borowski] You have to look at this issue in a different way. If we were to say: Let the prices be whatever the producers want them to be, then it is very likely that with our state of the market we would have greater price increases than the ones we prescribe, if I may put it thus.

[Matczak] According to the budget, next year prices will go up by 27 percent. The biggest rises will apply to housing rents, central heating and hot water, gas, power, and medicines. Excise tax will be increased, which will affect the prices of fuels, alcohol and cigarettes. But it is not known when the latter two commodities will go up. [video shows following table]

Total 1994 Price Increases

commodity	percent increase
Total	27
rents	130
central heating and hot water	60
gas	40
power	30
medicines	25
fuels	21
alcohol	32
cigarettes	22

[Borowski] Well, we do have a market economy, albeit one with a few prices which are influenced by the state.

[Matczak] The zloty [Z] will be devalued by 1.6 percent a month and by the end of the year we will be paying Z26,300 for one dollar. But at the end of 1993 the dollar cost Z1,000 more than planned.

[Video shows following]
Dollar Exchange Rate—1.6 percent a month
December 1994—26,300

Daily Outlines Local Self-Government Program

WS0301160094 Warsaw RZECZPOSPOLITA in Polish 3 Jan 94 pp 1, 2

[Report by Renata Wrobel: "Forty-Four Pilots"]

[Text] In the new year, the pilotage program has formally been started: the self-government authorities of the largest Polish cities took over new tasks. Forty-four of the 46 selected cities decided to take part in the program. In line with the intention of its authors, the program is supposed to meet two goals: First, which is generally believed to be of paramount importance, is to make the managing of local affairs more efficient. The second goal is a test before introducing self-government powiats [small administrative units].

The change lies in the following: the city—that is, the council elected in general elections and the mayor appointed by it—will deal with some of the affairs that have so far been in the domain of the government administration (of ministries, voivodes, regional offices). It will receive a special subsidy from the state budget. The subsidy, as Finance Deputy Minister Wojciech Misiag said in the Sejm, will not be bigger (self-governments hope that it will not be smaller either) than the subsidy that would be given to the administration. This operation is supposed to yield three kinds of benefits:

—make management more uniform, by concentrating the powers, which have so far been scattered, in the hands of self-government authorities;

—submit the activities of yet other establishments under social control. This control is exercised by the council, which every four years is evaluated by the city's inhabitants in elections. Control over centrally steered civil servants is far less efficient;

—ensure better spending of public money. There are many examples which show that local authorities spend their money more thriftily and wisely; they can also pursue a much more flexible budget policy than centralized structures.

The Pilotage Program Has an Eventful History

On 29 December 1992, Michal Kulesza, the government's representative for public administration reform, forwarded a letter to the mayors of selected cities; he asked them whether they would be interested in taking part in such an undertaking. At the very beginning it was established that cities would be free to make this decision independently. Forty-six cities were selected; each of them has more than 100,000 inhabitants (except Warsaw, due to a complex system of self-government); there are also several smaller towns which are part of urban complexes. As many as 50 percent of Poland's inhabitants live in the selected cities; their budgets constitute 40 percent of all self-governments' finances.

In February 1993, the Sejm adopted the budget law. Article 35 empowered the government to issue an order concerning the pilotage program. In July, Prime Minister Hanna Suchocka met with the mayors and chairmen of municipal councils of the cities participating in the program. She stated that "one cannot change Poland without changing its cities." "We are ready to make the effort. We have been waiting for this for three years. We really want the program to be successful," answered Wojciech Szczesny Kaczmarek, president of the Union of Polish Towns and Cities and mayor of Poznan. Soon afterward, on 13 July...

The Council of Ministers Adopted a "Pilotage" Order

In line with it, cities were supposed to take over the following:

—administrative powers, such as those concerning ground policy, construction, road traffic (such as registration of vehicles, issuing or withholding drivers' licenses);

—such establishments as secondary schools, culture establishments, health service institutions, houses of social care, as well as managing national and voivodship roads, except highways and expressways;

—administrative police forces, such as protection from fire.

Among other things, approximately 30 cultural establishments of "all-national importance," as well as specialized health service institutions of voivodship or national importance were supposed to remain under state administration. Along with new duties, cities were supposed to take over indispensable buildings for free and receive money from the state budget. This was supposed to be a purposeful subsidy [a subsidy for a particular purpose], but gminas [small administrative units] were supposed to be free to move the money from one area to another. Self-governments were supposed to be free from the debts incurred by various establishments before the middle of 1993. The deadline for signing agreements by mayors and voivodes was set for 30 October.

Just a few days before this day, when 28 cities had already concluded their agreements, Prime Minister Waldemar Pawlak sent a fax ordering a stop to this operation. The decision was explained by the "intention of obtaining exact information concerning the course of the pilotage program to date and carrying out a legal and substantive analysis of it." Cities and national self-governmental organizations soon protested violently against the stopping of the program. Soon afterward the government made a decision: the agreements must not be signed until 30 November; after that, cities will be allowed to do it until 20 December.

The Scope of the Pilotage Was Restricted

This also concerned the cities that had signed their agreements earlier; it encountered accusations of breaking the rule that the law is not retroactive. Chorzow and Grudziadz withdrew, being deterred by the "disloyalty of the partner." They have not given up new powers; they will take them over from voivodes on the basis of individual agreements.

The number of the culture establishments that will not be transferred to self-governments has risen five times—to 150 and comprised such institutions as voivodship public libraries and houses of culture. It was the result of protests by culture employees and artists, including the Union of Polish Stage Artists and "Solidarity." Although even Deputy Minister Michal Jagiello recalled that self-governments pay for culture (even though they would not have to) more money than the state budget via voivodes and that establishments taken care of by the ministry are not doing better than those financed by self-governments, Minister Kazimierz Dejmek managed to force the decision on limiting the pilotage.

Not all cities will take over secondary schools, first of all for financial reasons. For a long time it was not clear what would happen to school debt. The government's decision that the state budget will be responsible for those debts which should have been paid off by 30 November, was made on 23 December at night. There are other problems as well. Only on 29 December, at the meeting of the team steering the pilotage program, did representatives of self- governments manage to obtain the most recent information on the sums to be allocated for the maintenance of various schools. It turned out that they differ from those presented earlier by school superintendents. In the atmosphere of uncertainty, some cities (such as Bialystok, Koszalin, Lublin, Poznan, Slupsk) decided to give up the idea of taking over secondary schools.

For the time being in the budget bill...

There Is No Trace of Pilotage

It is still not clear what sums the state budget will earmark for cities. The Finance Ministry has committed itself to calculating everything as soon as it obtains full information on what the various cities will take over. Then an appendix will be drawn up which will be forwarded to the Sejm as a governmental amendment.

What needs to be explained is the matter of debts of the establishments taken over by cities. It is known that the budget will deal with the debts of secondary schools that should have been paid off by 30 November 1993, and the debts of other establishments—by 30 June 1993. At the meeting of the team steering the pilotage it was decided that the finance minister would propose to the Council of Ministers that health service institutions and culture establishments be treated the same way as secondary schools. Self-government activists recall that the debts have been incurred by budget sphere establishments; they believe that the government can do one of two things: keep the establishments that are working inefficiently as well as their debts, or keep only their debts.

Self-government activists are not satisfied with the way money is supposed to be transferred. Originally it was assumed that all the money would pass through the voivodes' budgets. Now it is planned that the money will be given by voivodes and the various ministers; however, only voivodes will see to it that the money comes in time and is sufficient in amount. Cities believe that this does not guarantee them financial security.

Despite reservations, the self-governments of most towns have not withdrawn from the program (even though some of them add that after a few months they may consider such a possibility). They are prepared to add from several to a few hundred billion zlotys to new establishments. "We risk our posts, but we must take anything we can from the hands of irresponsible people," says Bytom's Janusz Paczocha, "enfant terrible" [preceding two words in French] among city mayors. Gdynia Mayor Franciszka Cegielska adds: "We may get into trouble as authorities, but this is what the inhabitants want us to do." Self-government activists are disappointed that the prime minister has not even once made a political declaration that he would like the pilotage program to be successful.

Iliescu Addresses Nation in New Year's Message

AU0101161794 Bucharest Radio Romania Network in Romanian 0500 GMT 1 Jan 94

["Text of New Year's Message Addressed by Romania's President, Mr. Ion Iliescu, to the Nation Over the Radio and Television," in Bucharest on 31 December 1993]

[Text] Dear compatriots: We are crossing the threshold of a new year. It is our tradition, as well as that of other peoples, to be closer to each other at the end of one year and the beginning of another and to think with greater hope and confidence of the new year that is approaching.

May it be a better year and may our hopes come true. With these thoughts and feelings, I am addressing you with heartfelt wishes for health, happiness, peace, understanding, and for many happy returns.

The year we are concluding has been neither simple nor easy. Maybe it has not brought the much-desired satisfactions to people's homes and hearts, it has stored up—as we, in fact, expected—too many difficulties. Surely, however, if we judge correctly and objectively, the year 1993 was a purposeful year that placed our hopes on a more stable foundation. This year of continuity in our political and social balance and stability also marked the beginning of our economic consolidation, a first and decisive step toward what we have to perform from now on.

At the foreign level, the year 1993 marked Romania's recognition as a factor of stability in this part of the world that is still beset by anxiety, conflicts, and explosive situations with serious and incalculable consequences. This year marked the consecration of our integration into European structures and our association, on the basis of partnership, with international bodies and organizations. The merit of being in a completely different international position today and of benefiting from relations, which we have to honor with dedication and seriousness, belongs to all reasonable political and social forces in our country.

Dear compatriots, I believe that all of us have reason to hope that the year to come will more evidently display the fruits of Romania's change for the better. First, I am truthfully thinking of those who have had and continue to have difficulties, families with numerous children or those who are without jobs—young people, pensioners, and other segments, who, day in day out, have to make ends meet with their modest incomes. I want to grant them a tiny support and encouragement: They will be neither eschewed, nor forgotten. It is the duty of all of those invested with responsibilities in our society to pay attention—along with economic recovery—to measures for social protection in the year to come.

I am addressing all those who, through great efforts, honest work, and practical initiatives—the entrepreneurs and managers of economic units—have reaped success. I want to congratulate them and to wish them new successes in the year to come. Their results are of great importance in the work of relaunching our economy. Their experience has to be encouraged and given general application. Not through profiteering and fiscal evasion will we build a modern economy, but through productive initiative and intensive, intelligent, and honest work.

Dear compatriots, we are going through a period that is still difficult. It is a trying time for our nation but we must never forget that, during difficult and decisive times, the Romanian nation reaped success through unity, cohesion, courage, and intelligence, thus, each time, recovering through commendable proof of balance and stability. Instigation to hatred and disorder and disunity and intolerance have not been and are not favorable, but, on the contrary, they have played and can play into the hands of interests that are dangerous to our national destiny.

Therefore, I want to appeal to the political and social forces, and to all our citizens to rally their efforts, capabilities, and energy, which our people do not lack, in order to build a modern and prosperous society. Let us abandon feuds and intolerance, as well as sterile confrontations and disputes. Let us seek, together, through dialogue, the points of understandings and eliminate those that disunite us.

On the eve of the New Year, I would like to extend a warm message to our brethren across the Prut River—to Ilie Ilascu and his friends, and to all Romanians everywhere. I want to express the hope that the year 1994 will guarantee for all of us a better life, that it will be a year of peace and understanding and of unity on the platform of national interests.

In conclusion of his message, President Ion Iliescu wishes everyone a happy New Year and many happy returns.

King Mihai's New Year's Message Reported

AU0101161894 Bucharest Radio Romania Network in Romanian 0500 GMT 1 Jan 94

[Report on New Year's message extended by King Mihai to Romanian nation on 30 December—place not given]

[Text] Romania's former sovereign, Mihai I, sent a message to the country on the occasion of the New Year.

After recalling the events four years ago when our people began to free themselves from the dictatorship and communism, as well as the difficult work, so that the hope that was born from the blood shed in December 1989 may materialize, and after emphasizing that, due to the support by friends abroad, Romania was admitted to the big European family and that each Romanian citizen will thus be able to appeal to the Council of Europe every time the institutions in Romania violate the regulations regarding human rights, that the United States has

granted us most-favored-nation status—the advantageous customs regime granted to friendly countries—former King Mihai expresses his gladness that, through his public interventions and personal contacts, he was able to contribute to the recognition of the place due to Romania within the community of nations.

The message then emphasizes, quote: Despite these efforts made everywhere in order to support you in your struggle for dignity, freedom, and prosperity, our country continues to flounder in complete misery, unquote. Noting that everywhere there is goodwill, creative energy, considerable riches and capabilities, former King Mihai expresses the desire that all these things be freed and united to serve the country for the benefit of all. He stresses that unity cannot be achieved without national reconciliation.

From the bottom of my heart, through my prayers, and through my wishes, which I extend to you today, the message continues, I want to express the desire and will to be among you and with you. Let us contribute to conciliation and unity, and let us help all Romanians within the country and outside it.

With belief and confidence in the future, the message ends with the following wishes: May Romania be reborn for the benefit of all Romanians. So may the Lord help us.

Melescanu Discusses Ties With U.S., NATO

AU0201163994 Bucharest ROMANIA LIBERA in Romanian 29 Dec 93 pp 1, 2

[Interview with Foreign Minister Teodor Melescanu by Cristiana Terenche; place and date not given: "The Unted States Has Opened a Door for Romania and on Its Threshold Stands a Friend"]

[Text] [Terenche] Mr. Minister, when you left for Washington, your agenda did not include certain issues that emerged shortly before your visit—the pronouncement of the sentence in Tiraspol, the results of the elections in Russia, and so forth, which immediately changed the framework of talks...

[Melescanu] Indeed, the meeting in Washington was scheduled to take place in the month of October and in his letter of invitation Mr. Warren Christopher said that we were going to see each other to celebrate, together, the granting of the most-favored-nation status and to discuss tangible ways and means for cooperation whereby Romania could benefit; this, actually, meant returning to normal relations of partnership with the United States of America. Due to Mr. Christopher's schedule, this visit was postponed all the time, and thus the events happened to which you referred; to this we may also add certain reactions by the American public to domestic actions. Unfortunately, there were things that modified the framework initially established for this official visit. I do not want to conceal the fact that great attention was paid there to the unveiling of the statue of Marshal Antonescu in Slobozia, which was viewed as a certain escalation of ultranationalist political positions...

It was obvious to me that there is concern for developments in Romania; this is proven by the particular impact this unveiling had on groups of Jewish people in the United States. I tried to explain that the government was not involved in this event. I have said and I want to repeat that Marshal Antonescu is a very controversial figure; there are still numerous facets that have not been clarified. He is perceived by Jewish organizations as Hitler's man, who caused the death of Jews in Romania. By other segments of society, however, he is perceived as the man who reclaimed Romanian territories and who recovered our national integrity. And he is also perceived as a victim of the communist regime. In the United States, however, this is viewed as an extremist nationalist event that proves that the image we enjoy here, at home, is different from our image across the ocean.

[Terenche] But you still returned very optimistic...

[Melescanu] We discussed two big problems. One is linked to the question of bilateral relations within the framework of which we noted signs of entering a new and different stage of Romanian-U.S. relations. Second, we conducted lengthy discussions on the consequences of the developments to which you referred and on the possible orientations of our government.

[Terenche] What does this mean in concrete terms?

[Melescanu] Concretely speaking, it means a firmer involvement of ours in efforts that are being made, on the one hand, to stabilize this area and support democratic developments in all countries, including the countries of the former USSR. On the other hand, it means achieving, at the domestic level, a broad political base of a center leaning that will permit the continuation and speeding up of the economic reform program. The Americans insist very much on broad support for the population in the reform process. Consequently, in their view this process has to take place under such conditions as will ensure support for the political forces at all levels. It is clear-cut that the United States of America has opened a door for Romania and that on its threshold stands a friend. And it depends solely on us to capitalize on the possibilities we are offered. Thus, a fund of $50 million was set up in support of the development of private enterprises in Romania. It is not a big fund, but rather a symbolic one; its merit, however, is to encourage investors. For, the moment the American state participates with 10 percent in an investment, this will surely attract private investors. Thus, the multiplying effect is greater. The second part of the visit refers to the support the United States guarantees for us to preserve Romania's stability and security, and even territorial integrity. I am not talking of formal, judicial guarantees. We are now in a different stage, one in which no treaties of mutual assistance are concluded as we used to do formerly. I am talking of a very clear-cut involvement of the

U.S. Administration in what we would term Romania's security and stability, because this is a question that interests the United States.

[Terenche] Is this where the "Partnership for Peace" relationship comes in?

[Melescanu] Mr. Warren Christopher told us that their political concept that is now being applied in the "new democracies" is incorporated from the point of view of security into the concept "Partnership for Peace," which they view as a transition stage in relations with NATO. This means that the immediate admission to the Alliance, as those working at the Pentagon said more directly, is not possible from a technical point of view. Similarly, NATO's expansion should not take place in a fashion that would give the Russians the impression that it is directed against them. We were told very clearly both at the State Department, the Pentagon, and the National Security Council that we will be included in the program, that we will even conduct some consultations on concrete ways and means of applying the concept of "Partnership for Peace," which also implies tangible obligations. Military obligations of cooperation, and so forth.

[Terenche] Nevertheless, what is the explanation of the fact that Romania is constantly eschewed by U.S. officials?

[Melescanu] A position toward Romania is valid. Therefore, I believe it is necessary to conduct a dialogue at the summit level and I mentioned the possibility of a meeting in Prague. Or an official visit, for which purpose I extended an invitation to President Clinton to visit Romania. The excuse was a full program and I am convinced that it was not a circumstantial problem. We have overcome the stage in which political dialogue at the summit level was a question of reservations by the other side...

[Terenche] How did the Americans react to the election results in the Russian Federation?

[Melescanu] I arrived there when things had begun to calm down. I said that not the result, but the percentage surprised us. Obviously, in Russia there is very broad support for tackling the reform other than in a democratic way. The conclusion I drew was that an alarm signal has been sounded and this should make the Americans pay greater attention to the support granted to Russia and the East European countries.

[Terenche] What was the reaction to the death sentence pronounced in the Ilie Ilascu case?

[Melescanu] The entire Romanian community in the United States rallied and energetically supported the Ilascu case. They took steps and put pressure on the U.S. Administration.

[Terenche] And what was the result?

[Melescanu] The result is a very serious involvement of the Administration. We have already received serious signals in this respect from Moscow. In the United States it is very important when an ethnic community rallies and demands something from the Administration. For ourselves, however, that is for relations with Russia this has, unfortunately, had a negative effect. The postponement of the visit by Defense Minister Grachev is a signal in this respect. And such signals have become increasingly numerous: For example, the postponement of the meeting on the treasury or the consultations on the treaty... I personally do not think that we are guilty of anything, because what happened in Tiraspol was shocking for the public, irrespective of political leaning. People were shocked and said so. But this created a negative moment in Romanian-Russian relations as far as economic integration is concerned. It is important for us to relaunch bilateral relations with our neighbors: With Bulgaria, Ukraine, and, of course, with the Russian Federation. Such moments affect us. They have a much more centralized system than we, where every economic element has a political effect.

[Terenche] You also hold the position of minister state secretary, that is a sort of deputy prime minister. What are you doing in this capacity?

[Melescanu] A sort of... is well put. We have the feeling, somehow, that we could do more to brief and ensure the access of parliamentarians and politicians to the foreign policy elements such as the European conventions.

[Terenche] But here we can also mention the way in which one can violate the freedom of citizens to travel, a right enshrined in the European conventions, which are so little known by our authorities... I am referring to the refusal of granting a visa to His Majesty King Mihai to visit the country on 1 December.

[Melescanu] There are two aspects: First, there is the formal one, meaning the need to clearly settle procedures. Irrespective of what will happen, of how we will develop politically, we have to try to solve the problem of the monarchy in its entirety. I want you to understand me: It is not the visa that presents a problem, but the political decision on the king's participation in some of the events in the country. I understand that there was an opening at Christmas, but there was no answer. I am not talking about the fact that we are a republic; that is clear and stipulated in the constitution.

[Terenche] But nothing is nailed...

[Melescanu] Of course. But I do not understand why we do not see the good side of things in this respect. A major part of the Romanians, who left the country after the war, did not do so because they had it too good. If we start from the idea that now we need the support of Romanians everywhere, I do not see why we should not consider the possibility of using the royal institution. Especially since reference was made to abiding by the constitution. This is why we are the advocates of solving this problem in its entirety. We need the support of numerous capitals through contacts.

[Terenche] Including through royal houses...

[Melescanu] Why not? If they can help us! Our situation is such that we need any help available. At the domestic political level, I do not think that we have an overproduction of capable people, so that we do not know what to do with them. Therefore, we cannot ask anyone to change his opinions and friendships. Thus, both at the domestic level and the foreign one, we have to rally our efforts in order to implement our basic objectives. For, misery is no political capital.

[Terenche] Were these arguments insufficient when needed?

[Melescanu] You have to know that each one tried to present his point of view as best as he could. Finally, however, a conclusion is formed on the basis of all opinions, and thus we cannot always win. I, however, have the impression that there are developments on both sides, although there are irreconcilable positions. There is the basic problem of the abdication act and that of elections on the basis of which the constitution was adopted. But even if each one continues to have the same position, one can seek ways and means to cooperate, which is the most important thing.

[Terenche] Mr. Minister, how did you react, first as a private person and then as an official person, to the idea promoted by Mr. Adrian Nastase that the minister of foreign affairs should be involved in the political, party activity?

[Melescanu] I think that it is a correct and principled position, which is being supported by numerous politicians in Romania. It is a correct solution in the sense of the political responsibility of ministers when governing. I think that this is a normal thing in a democratic society. The only question in our country at this point is to what extent our society is sufficiently structured for the application of these principles. In actual fact, I and the other ministers, who are "non-party members" are involved in the government program in which we participate. I cannot say that I am a minister who enjoys full freedom of movement, but I am a minister within a PDSR [Socialist Democracy Party of Romania] government. Since, however, I am not fully involved, this situation offers me certain advantages in the sense of getting broader support. If I had a certain political color, a dialogue could be refused at a certain point, although this refusal would not have anything to do with my activity...

Government Denounces Zhirinovskiy's 'Insults'

AU2912160393 Bucharest Radio Romania Network in Romanian 1400 GMT 29 Dec 93

[Text] At today's ordinary session, Romania's Government adopted the following statement in connection with the aberrant and insulting stands made by the ultranationalist Russian leader Vladimir Zhirinovskiy against Romania and the Romanian people.

Our country has recently been included in the cascade of insults, warnings, ultimatums, and revanchist slogans recently launched by Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of the Russian Federation, the statement reads. In the most insulting way, Vladimir Zhirinovskiy went so far as to state that Romania is an artificial state, consisting of Italian Gypsies who seized territories from Bulgaria, Hungary, and Russia. Although these pronouncements look more like the outcome of a certain pathological rather than political state of mind, such public statements should not be ignored at all, since they can become starting points for developments that might have nefarious consequences for the countries and peoples of Europe and for humankind in general.

Romania's Government, the statement reads, firmly rejects and condemns such beliefs revived from a propaganda arsenal, which has bloodied the entire planet 50 years ago. In our entire history, no one has dared to insult the Romanian people in such an indescribable manner. No criminal plotter against our national being and identity has ever dared to utter such dirty invectives against us. We have never allowed and will never allow anyone to hurt our national dignity. Romania and the Romanian people have never tolerated and will not tolerate such aberrations.

Romania's Government unanimously expresses this steadfast position vis-a-vis Vladimir Zhirinovskiy's irresponsible insults and is convinced that all the country's citizens and all Romanian political groupings will have the same intransigent attitude of condemning and rejecting such a serious affront.

Vladimir Zhirinovskiy's irresponsible statements are actually an attempt on our national security. Other extremist statements of his made about European matters are quite inflammatory and jeopardize the stability and security in our region and Europe. This fully justifies our concern with defending our national security interests, especially now on the eve of the forthcoming NATO high-level meeting.

At the same time, Romania's Government again points out that our country has supported and continues to support the democratic process in the Russian Federation and President Boris Yeltsin's reform program. We also consider their success as a guarantee for security and stability in Europe and the world. We are interested in developing good relations with the Russian Federation. Therefore, we express the hope that the president and Government of the Russian Federation will distance themselves most clearly from Zhirinovskiy's positions, including his insulting statements against Romania.

We express the conviction that the realistic and reforming forces in the Russian Federation will prevail in the positive evolutions toward democratic reconstruction, so as to bar the way of extremism and ultranationalism, facilitate the development of a Europe of peace and good understanding, and further consolidate the

traditional Romanian-Russian relations—the declaration of the Romanian Government, which we received by fax from the spokesman of the executive branch, concludes.

EC, Russian Effort To Save Ilascu Praised

AU3012152293 Bucharest Radio Romania Network in Romanian 1400 GMT 30 Dec 93

[Text] We have received the following communique from the Ministry of Foreign Affairs: The Ministry of Foreign Affairs of Romania was pleased to learn about the joint declaration of the European Union and the Russian Federation addressed to the Tiraspol authorities, intended to save the life of Ion Ilascu and the urgent transferring of the members of the Ilascu group to a legally established court of the Republic of Moldova, which can ensure a fair trial, on the basis of internationally accepted juridical norms. [passage indistinct]

PSDR President Assesses Talks With Iliescu

AU2812164693 Bucharest Radio Romania Network in Romanian 1400 GMT 28 Dec 93

[Text] President Ion Iliescu met with a delegation of the Romanian Social Democratic Party [PSDR] at Cotroceni Palace today. The PSDR delegation consisted of Messrs. Sergiu Cunescu, Constantin Avramescu, Radu Gheciu, Radu Dumitrescu, and Emil Putin. Today's meeting was also attended by Ambassador Traian Chebeleu, presidential adviser and spokesman of the presidency, and Mr. Paul Dobrescu, presidential adviser.

After the meeting, PSDR President Sergiu Cunescu made the following statement:

[Begin Cunescu recording] We presented our viewpoint on this declared desire to conclude a political pact. We said that a political pact can only be achieved between political forces that are sincerely interested in moving along the road of reform. We did not discuss issues related to the formation of a new government but only to putting together a new parliamentary majority. This parliamentary majority should only consist of the groups from the Democratic Convention [CDR] and the parliamentary group of the Social Democracy Party of Romania [PDSR]. Since these two alone cannot put together a sufficiently broad and stable majority, which should not be at the mercy of several deputies who may occasionally decide to change sides, we believe that another important parliamentary group should also participate in this effort, namely the Democratic Party (National Salvation Front) [PD(FSN)], which one can count on as a reformist group. We cannot rely on other groups if we want to acnieve this kind of stability; maybe one could take into consideration certain individuals from the Romanian National Unity Party [PUNR].

Therefore, if this new parliamentary majority is put together, we could proceed—with this majority and the respective parties—to negotiate a political pact that contains the principles and main actions for a more stable political activity in the future. If such a pact can be eventually achieved, then a second part should follow, namely negotiations on a social pact with the important social factors in our country, particularly the trade unions, students, and other social sectors. Therefore, we are talking about two documents: a political one, to be concluded among parties, and a social one, to be concluded with the trade unions. There are possibilities for reaching this goal, if the current majority party shows the political will to move along these lines. In order for this to happen, the majority party must accept certain new things and other attitudes than the ones it is practicing today.

The discussions also focused on the statements made yesterday by PDSR Executive President Adrian Nastase, who outlined his conditions for such a pact. He raised the issue of the observance of the Constitution. We agree with his point and have always said that—although we did not vote in favor of the Constitution for various reasons—we will observe it, literally. As you know, we are in favor of a parliamentary republic. The second condition he raised was the need to observe the republican form of state. Again, we have no objection to that, since we are republicans—that is, we are in favor of a parliamentary republic. Third, he raised the astounding issue of the return of the nationalized houses to their owners. He should not have raised this issue, but since he did, we also discussed it and stressed that we will support a law on restoring the nationalized houses to their owners, but that this law will not be able to solve all cases from the very beginning, just the most blatant cases. The situation should be further dealt with gradually by successively promulgating new laws that ensure that the tenants are never at a disadvantage and are secure in their homes. All instances should be dealt with individually in keeping with the justification and strength of each case.

We also discussed various other political issues. We stated that we plan to stand by our overall principles and will remain faithful to the CDR, since we believe in it and actually initiated it. From the various notes the president took of our conversation, we hope that he retained many of our ideas and that the two aforementioned pacts can be achieved.

We did not raise the issue of the government, which can be an outcome of later endeavors. The main thing is to put together a new parliamentary majority. [end recording]

PDSR Leaders Defend Government's Policy

AU2812201993 Bucharest ROMPRES in English 1559 GMT 28 Dec 93

[Text] Bucharest ROMPRES, 28/12/1993—Ioan Solcanu, vice chairman of the Social Democracy Party of Romania [PDSR], maintained at the party's news conference on 28 December that the ruling party was not

sticking to power, so it would not allow to be blackmailed. Oliviu Gherman, chairman of PDSR, reiterated in that context the program-like principles (observance of the Constitution, of the republic as form of government, and of the non-enforcement of the restitutio in integrum principle,) which the PDSR means to be truthful to. The role of the recent meetings at Cotroceni, Ioan Solcanu stressed, is to gather a picture of the political, economic, and social situation as seen by the other parliamentary parties. PDSR, Solcanu added, will not give up the portfolios of defense and national security, foreign affairs, and the interior if a mixed government is formed.

Ion Solcanu admitted that the people's living standard declined over this year of PDSR rule, which was the reason of erosion of the government's popularity and credibility. At the same time, he said that although the government took a string of unpopular measures, engaged by the previous governments and imposed "by the seriousness with which it approached the continuation of the process of reform, it however neglected its own public image." He considered it necessary that the government should be given between 30 and 60 minutes a week on the air with the national television, in order to be able to correctly inform the population.

NPR Leader Notes Iron Guard's 'Good Points'

AU0301080294 Paris AFP in English 0349 GMT 3 Jan 94

[By Mihaela Rodina]

[Text] Bucharest, Jan 3 (AFP)—The room is cluttered with old furniture, and yellowing photographs of the stars of yesteryear look down from the walls of what seems a fitting headquarters for Romania's National Party of the Right (NPR). It is one of three extreme right-wing parties that have been created since communist dictator Nicolae Ceaucescu was toppled and executed in December 1989. Party president Radu Sorescu told AFP: "Anti-semitism is old hat, these days we must fight against immigrants and gypsies." Sorescu, a 30-year-old former teacher of the Romanian language, told AFP he had spent two years ensconced in a library to bring his party's doctrine to fruition.

Romanian President Ion Iliescu last July asked the state prosecutor to check on the legality of the NPR and two other parties, the Movement for Romania and the Fatherland Party, worried at the spread of apologists for fascism. The prosecutor ruled in November that the parties were law-abiding, a declaration immediately contradicted by a newspaper that got hold of the NPR's internal constitution.

That document stipulated that members had to be of Romanian origin, would wear the brown uniform of the Nazi army the Sturmabteilung (SA) and could win the Nazi Iron Cross for exceptional service. Despite provision for a Hitler salute in the constitution, Sorescu said his supporters never gave such a salute. But he did not deny the similarities between his dogma and that of the Iron Guard, the pro-Nazi Romanian movement which was active in the 1930s.

He maintains that he has retained only its "good points", citing nationalism and discipline, and denounces the "mistakes" the Iron Guard made before it was banned in 1941, like assassinating opponents and deporting Jews and gypsies. "Many people share our views, but are afraid to express them openly," he said, comparing the position of the NPR with that of French ultra-nationalist Jean-Marie Le Pen's National Front.

"Everybody called him a fascist, until the government started adopting the same stance on foreigners," he said. The party's quarterly THE NEW RIGHT has a print-run of 5,000, and it is snapped up like hot cakes. Its pages are brimful of attacks on democracy—"a utopia turned to anarchy"—and of threats against gypsies, who are blamed for rising crime.

One of the latest editions had an interview with Le Pen, who said that France could no longer be a haven for foreigners. "Ninety percent of Romanians hate gypsies," Sorescu said by way of explanation for the magazine's success.

The NPR claims it is non-violent, but envisages legal moves against those it judges to be incapable of integration, and recommends sterilising gypsy women and creating "reserves" for the "most recalcitrant" members of that minority. According to the human rights organisation Peoples in Peril, based at Goettingen in Germany, there have been more than 20 serious attacks on gypsies since the fall of Ceaucescu.

The last was on September 20, when two gypsies were lynched and a third was burnt alive in his shack at Hadareni, 400 kilometres north of here, by a mob out to avenge a Romanian stabbed to death by a gypsy. Still in its embryonic stage, the Romanian right garnered less than 0.2 percent of the vote at the last general election in September 1992. But Sorescu is confident his party will score much higher the next time round.

Iliescu, Ministers View December 1989 Inquiry

AU2912182993 Bucharest Radio Romania Network in Romanian 1400 GMT 29 Dec 93

[Text] After meeting with representatives of the Socialist Party of Labor [PSM], President Ion Iliescu received leadership members of the Public Ministry. Aside from Romania's General Prosecutor, Vasile Manea Dragulin, the meeting was also attended by Minister of National Defense Lieutenant General Niculae Spiroiu; Minister of Interior George Ioan Danescu; Minister of Justice Petre Ninosu; and by the director of the Romanian Intelligence Service [SRI], Virgil Magureanu.

At the end of the discussions, Vasile Manea Dragulin stated to the press that the issues discussed were the stage of legal investigations on the December 1989 events and

the situation of corruption in general terms. It was emphasized that a critical and serious examination of the results achieved so far was made.

The Prosecutor General specified that organizational measures have been taken in connection with people, who will be involved in carrying out activities regarding such cases and verifying certain cases in which—upon the request of the press, of other institutions or people directly involved—solutions were adopted, which were termed as illegal and unfounded. He added that firm promises exist on behalf of the SRI that very many data will be passed on to the Public Ministry by the end of January and that it is hoped that state institutions dealing with this kind of information, such as the specialized departments of the Ministry of Interior and Ministry of National Defense, will cooperate.

Asked when it will be possible for the public to be provided with information on the stage of investigations, Vasile Manea Dragulin answered that during January the military prosecutors' offices will report on what has been done and what is in the process of being solved in 1993, materials which will be distributed to all mass media.

PUNR's Funar Summarizes Talks With Iliescu

AU2812212993 Bucharest Radio Romania Network in Romanian 2000 GMT 28 Dec 93

[Text] After today's three-hour consultations at Cotroceni Palace between President Ion Iliescu and a delegation of the National Romanian Unity Party [PUNR], we asked PUNR Chairman Gheorghe Funar to summarize the contents of their talks.

[Begin Funar recording] We appreciate this initiative by President Ion Iliescu. PUNR supports the idea of concluding a political, social, and economic pact and will associate itself with the PDAR [Democratic Agrarian Party of Romania], which intends to sign the pact.

I would like to take this opportunity to appeal to all political parties, especially those of the opposition, to associate themselves with us and sign the mentioned pact, which we badly need in these difficult times. We need national unity, and I hope that all political parties will prove to be sufficiently mature to go beyond all party ambitions and lend a helping hand to conclude the pact and especially implement it.

I would also like to mention the second issue for discussion, which we have been invited to by President Iliescu, namely the International Monetary Fund memorandum and the discussion on it in parliament. We were happy to see that President Iliescu appreciates PUNR's petition that was issued a few days ago, by which it requests that the government should come to parliament and present the details on the accords concluded over the past years with the IMF, their consequences, as well as the accord planned for 1994 and 1995. We are certain that the prime minister [Nicolae Vacaroiu] will personally come to parliament to present those details so that our lawmakers can get acquainted with them and decide accordingly. In this way, the whole country can learn about the details, since many things related to those accords are presently unclear. [end recording]

Izetbegovic Letter Refutes Tudjman's 'Slander'

LD0101203494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 1 Jan 94

[Text] From the cabinet of the president of the Bosnia-Herzegovina Presidency we have just received President Izetbegovic's letter to President of Croatia Franjo Tudjman. It reads as follows:

Esteemed Mr. President: I reply to your letter of 23 December 1993. I agree that the humanitarian situation in Bosnia-Herzegovina is very grave and this, it seems, is the only thing we fully agree upon at the moment. We evidently perceive some facts in relation to this situation in totally different ways. First, your convoy for Nova Bila has reached its destination. Our convoy has not reached Maglaj. This convoy is waiting in hope in Zenica. You have been misinformed about this matter.

It is true that the Nova Bila convoy was being considerably delayed along its way but you are certainly familiar with the reason behind this—the military equipment hidden in it. This is why I fail to understand your criticism of what you brand as unjustifiable delays. It turned out, regrettably, that these delays were entirely justified. On its way back the convoy encountered problems because it was caught in crossfire near Gornji Vakuf, where for months battles have been raging on a daily basis. We regret the casualties but it was not us who started this war in general or the one around Gornji Vakuf in particular.

The Bosnia-Herzegovina army legally defends this town from the Croatian Defense Council [HVO] paramilitary formations and their attempts to take the town. They are responsible for the destruction of this town and the deaths of hundreds of its citizens. Every single word in the message, sent allegedly by Djemo Merdan, deputy commander of the 3d Corps, is fabricated. Our army does not kill women and children. What evidence do you have to support such crude slander against the Bosnia-Herzegovina Army? I believe that it is entirely inappropriate to include an unconfirmed and, I believe fabricated statement in our correspondence.

As far as the Bosnia-Herzegovina Army is concerned, I want to be perfectly clear. The presence of the Bosnia-Herzegovina Army in every part of the territory of Bosnia-Herzegovina is legal and legitimate to the same extent the presence of other military formations that do not recognize the supreme command of the Bosnia-Herzegovina Presidency is unlawful and unacceptable. The Bosnia-Herzegovina army cannot be an aggressor in its own country. Only armies sent in from other centers withut permission from the Bosnia-Herzegovina Presidency can be aggressors.

Hence, the allegations made in your letter regarding the Nova Bila humanitarian convoy have no grounds. Nor do the allegations about the Bosnia-Herzegovina army's conduct.

The following facts are, however, indisputable. First, the field hospital donated by the South African Union to the population of eastern Mostar has been waiting for as long as six months in Ploce. It was stopped by Croatian authorities and is now being slowly cannibalized. Who is irritated by a field hospital? What is the justification for this inhumane act?

Second, in Medjugorje your forces confiscated and blocked two months ago two of our helicopters which had been sent in agreement with UNPROFOR [UN Protection Forces] and given its assistance to collect the wounded although Medjugorje is on the territory of Bosnia-Herzegovina.

Third, your police, in the course of the last campaign against the citizens of Bosnia-Herzegovina in Croatia, without any basis or explanation, confiscated 2,760 vehicles that were the property of our citizens. This is a figure that can be substantiated by documents in our embassy in Zagreb. The true number of vehicles that were taken could only be larger.

We stated that the Croat authorities in Herzegovina founded concentration camps and imprisoned in them tens of thousands of innocent civilians. You have persistently rejected this assertion as slanderous. A few days ago your minister of foreign affairs, in a letter to the UN Security Council, boasted that the Croatian authorities, and I quote, freed 5,600 Muslim prisoners. How can prisoners be freed from camps that do not exist?

I am intentionally not setting out here the historical details of the conflict in Herzegovina that has been accompanied by the brutal ethnic cleansing of the Muslim population in Mostar, Stolac, Capljina, Livno, and other places, the culmination of which was the barbaric destruction of the Old Bridge [in Mostar]. Nor am I setting out here worrying reports of the presence of significant elements of the Croatian armed forces on the territory of Bosnia-Herzegovina, something which shows the open interference of Croatia in the internal affairs of Bosnia-Herzegovina, because this is contained in our letter to the Security Council.

Despite everything that has been said, and many negative facts, I wish to convey equally seriously to you our sincere interest in improving the relations between our two countries, and in developing all forms of cooperation. For this to be achieved, however, a true change in your policy toward Bosnia-Herzegovina is needed.

Furthermore—as I have stressed to you many times—you cannot expect us to improve relations by negotiating with people who have been branded as executioners [djelati] of the Muslim people. With my respects.

This is the content of the letter that Alija Izetbegovic, president of the presidency, sent to Franjo Tudjman.

Krajisnik: 'No Further Concessions' to Muslims

LD3112152393 Belgrade TANJUG Domestic Service in Serbo-Croatian 1355 GMT 31 Dec 93

[Text] Obrenovac, 31 Dec (TANJUG)—Momcilo Krajisnik, president of the Assembly of the republic of Srpska, has said that this year the Serbs of the republic of Srpska have been carrying out the difficult task of fighting the entire world to save their state, their dignity, and their freedom. In this difficult struggle we have managed, along with all the other Serbs who have been vilified for demonstrating solidarity with us, to resist all the pressures which fundamentally aimed to bring about Serbian divisions and rifts, Krajisnik said.

Krajisnik maintains that there has been no justice or law in all these assaults on us, something that is best borne out by the European Union [EU] stands, as it in fact encouraged the Muslims to first gain a foothold in central Bosnia and then to take on the Serbs in the spring. We will, of course, be ready for them, Krajisnik cautioned.

Asked by a Obrenovac radio reporter whether a change in the leadership of Herceg-Bosna would tilt the balance of forces on the ground, Mr. Krajisnik said that the possibility of Mate Boban being replaced by Akmadzic would result in better relations between the Croats and Muslims, something that in its turn would not bring about changes to the Serbian negotiating position. "All the more so since neither of them takes any steps, as this is done by Mr. Tudjman, the Catholic Church and the Vatican. In any case, as far as the Muslims are concerned, there will be no further concessions, as it has already been proved that they cannot reach their goal. Concessions in western or eastern Bosnia would jeopardize the continuity of the republic of Srpska," Krajisnik said.

Karadzic Responds to Claes on Christmas Truce

LD3112181693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1647 GMT 31 Dec 93

[Text] Sarajevo, 31 Dec (TANJUG)—Radovan Karadzic, president of the republic of Srpska, sent a letter today to Willy Claes, chairman of the European Union's council, in reply to his claim that the responsibility for the continuation of the conflict in Bosnia-Herzegovina lay with the Serb side.

The letter says that this truce was being violated by Muslim extremists who, in Karadzic's words, are intolerant of Christian holidays.

"Dear Mr. Claes, I am deeply moved by your concern about the violations of the Christmas truce," President Radovan Karadzic says in his letter. He further stresses that, in this civil war, as in the previous two World Wars, the Serbs are exposed to vicious attacks by their neighbors of different denominations, especially during Orthodox Christian holidays.

Underlining that the Serbs would be thrilled if the Muslims ceased their military activities, the republic of Srpska president expressed his hope that Willy Claes, as chairman of the European Union's council, could influence the Muslim side to accept the peace plan drawn up thanks to Serb concessions.

Karadzic Assesses 1993, Expectations for 1994

AU3112205793 Belgrade Radio Beograd Network in Serbo-Croatian 1800 GMT 31 Dec 93

[Telephone interview with Radovan Karadzic, president of the republic of Srpska, by Momir Brkic in Belgrade "shortly before" the news program—recorded]

[Text] [Brkic] Good evening, Mr. President.

[Karadzic] Good evening.

[Brkic] Could you summarize for the listeners of Belgrade Radio the events concerning peace negotiations on the former Bosnia-Herzegovina and express your expectations for 1994.

[Karadzic] First, I want to congratulate this official, international new year to all citizens of the Serbian lands, particularly the fighters on the defense lines of the Serbian lands, although I think that there will be opportunities to congratulate them on our own traditional Serbian Orthodox New Year. I want to congratulate them and thank them on behalf of all those whom they have saved and on behalf of the sacred and great aim that they are accomplishing by risking their youth and their lives. I also want other citizens to see the centuries-old aim of the Serbian people being realized next year, namely common life in a common state.

1993 has certainly been a year of great tests for the Serbs, because the world has found itself out of balance and to some extent off track, as all things in physics and nature fall off track when they are out of balance. The interests of major powers are simply congealed and, unfortunately, the Serbian people and their state have again found themselves on the path of big powers, above all on the path of German interests in Europe.

This year was marked by the brutal and unscrupulous realization of the big powers' aims, the total lack of international law, the absence of any scruples, and great dangers for the Serbian people with unprecedented threats. I think that the past year was also a year for Russia's gradual recovery. This was also a year in which many Orthodox countries realized what was going on and extended either more or less support to the Serbian people and Serbia.

Certain changes and improvements for our benefit also happened in Europe, because there are conflicting interests in Europe itself. The brutal policy of Germany has opened the eyes of, above all, the British, who have realized what is going on. Unfortunately, this policy has even more firmly tied the French to Germany. This was

a year in which we withstood pressure exerted on us because of the Vance-Owen plan, which we rejected, a year in which President Clinton assumed his post, a year in which he had to bear the burden left behind by the previous administration, the burden of anti- Serbian views and attitudes. We also witnessed the United States slightly distancing itself from the crisis in Yugoslavia this year.

In brief, this was a year that will be remembered by the Serbian people for unprecedented pressure, which they withstood, as well as unprecedented dignity and resistance of the Serbian people.

Next year, we expect relations in the European Union and the world as a whole to further differentiate themselves. We expect uniformity to be restored to some extent. We expect the United States to concentrate on Asia and we expect many European countries, even some from the European Union, to try to oppose German domination. We expect Russia to become stronger and declare its interests in the Balkans, which also affects the Serbs, and we expect Greece to invest a great deal of effort in the first half of next year on settling the Yugoslav crisis—particularly the crisis in Bosnia-Herzegovina.

[Brkic] Mr. President, at the end of our conversation, I would like to thank you on behalf of the First Program of Belgrade Radio on the exceptional cooperation during 1993, cooperation that enabled our listeners to always be timely informed on what was happening in the former Bosnia-Herzegovina, the international scene, and at the negotiations. You personally made a great contribution.

Finally, we hope that peace will be established in this region and that you appear on our programs more as a poet than a politician, because, as Branko Miljkovic said, he who does not listen to a poem will have to listen to a storm.

[Karadzic] Thank you very much. I must say that you deserve more thanks than we do. Radio and Television of Serbia and, thus, Belgrade and Novi Sad Radios have been closely following us and our struggle since 1990. They saw that this struggle was just and did not spare any efforts to help us. We are brothers and perhaps words of gratitude from each side are superfluous. I believe that this is what makes us a nation, one being. It is good that gratitude exists on both sides.

[Brkic] Thank you and good luck.

Prime Minister on Croatian Army 'Intervention'

LD0201122794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1900 GMT 31 Dec 93

[Excerpts] [Announcer] The guest of our news broadcast this evening is Bosnia-Herzegovina Prime Minister Haris Silajdzic. Good evening, Mr. Silajdzic. We have seen what the humanitarian situation in our country is like. [passage omitted]

News has reached us from Croatia on the announcement of some kind of military intervention by the Croatian Army in Bosnia-Herzegovina. Croatian President Franjo Tudjman warns that, as he puts it, the continued offensive by the Bosnia-Herzegovina Army in central Bosnia could call into question the continuation of the peace negotiations scheduled for 18 January. What do you think about that?

[Silajdzic] Unfortunately, the Croatian Army has already been intervening in Bosnia-Herzegovina. This is well known to us and to international circles, to those who are interested in the truth. The Croatian Army is indeed present in Bosnia-Herzegovina, particularly in central Bosnia. The Croatian armed forces, including people and resources, have been present in Bosnia-Herzegovina for a long time. But even so, we are surprised by the openness of Croatian diplomacy regarding the preparations for the new intervention in Bosnia-Herzegovina.

They want to achieve two [as heard] things: They want to justify the intervention already under way, they want to justify possible future actions, and they want to distract the attention of the world public from the notorious fact that the Croatian extremists, with the help of some circles from Croatia and the Croatian Army, have committed a genocide, particularly in Herzegovina, starting in Prozor, against the Bosnian [word indistinct] population. This is an attempt to divert the world public's attention from that fact and from the fact that Croatia is intervening in Bosnia-Herzegovina.

I think that [word indistinct] intervention....[pauses] I have information about a large-scale mobilization, that it will certainly not allow the preace process [words indistinct].

[Announcer] What is your message for those who are watching or listening to our program who are on the threshold of a new war year in Bosnia-Herzegovina, which is less than four hours away?

[Silajdzic] A new year is usually connected with wishes and greetings. My wish is for us to have peace next year, and I would like to extend greetings to all of you for all the achievements. I think that we have achieved a miracle and that we are achieving a miracle which the whole world is talking about. Greetings especially to our [word indistinct] who are in their (?trenches) this evening defending their country for their children and for all of us against the well armed enemy who keeps getting help, and who has enjoyed the support of [words indistinct] so far.

The world community has intervened in Bosnia-Herzegovina in favor of the aggressor. The world community has failed to fulfill its promise as far as the victim is concerned and we are rightly asking ourselves, or better still we are asking those who make decisions in the world community: What right have they not to allow us to defend ourselves?

To all the others in these countries we wish peace and a year of [word indistinct]. [passage omitted: greetings to families who lost their nearest and dearest; Silajdzic says it is an honor to die for one's country; mentions five victims of Sarajevo shelling today]

To all in Bosnia-Herzegovina, in which there will always be room for everyone, as before—regardless of nationality and religion—and to those outside Bosnia-Herzegovina, I wish peace above all.

Croats Accuse Muslims of 'Greatest Crime'

LD3012172293 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 30 Dec 93

[Text] The Defense Ministry of the Croat Republic of Herceg-Bosna pointed out in a special statement today that Muslim fundamentalists from the ranks of the Bosnia-Herzegovina Army have committed the greatest crime yet in their brutal aggression against the Croat population of Bosnia-Herzegovina and its ancestral homes. The fate of the mass execution grounds in Uzdol, Maljin, Doljani, Trusina, Grabovica, and Mostar has befallen the village of Krizancevo near Vitez.

According to well-informed sources close to UNPROFOR [UN Protection Forces], 50 of the 53 Croats abducted by Muslim fundamentalists in Krizancevo last week were brutally murdered while three are prisoners in a Zenica jail. A mass grave containing the remains of 35 massacred Croats has been found in Preocica while another one located in no-man's-land between the Muslim forces and Croatian Defense Council units contains the bodies of another 15, the statement says.

The Muslim Army is still refusing to allow international organizations and UNPROFOR access to the area between Krizancevo and positions held by the 3d Corps of the Muslim Army, where the Muslims had carried out the massacre. The liaison officer of UNPROFOR's British battalion today informed the command of the Vitez operational zone that the spokesman for the Muslim Army's 3d Corps had declared that some 15 bodies of Krizancevo villagers could be found near the separation line and that another 35 were buried in a mass grave near the Muslim village of Preocica between Vitez and Zenica. The liaison officer failed to disclose any details about the crime but added that the head of the European observers and representatives of the International Red Cross were still trying to obtain the 3d Corps' permission to carry out an on-the-spot investigation.

Correspondents Find 'No Trace' of Massacre

LD0101161594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 1 Jan 94

[Text] The defeats suffered by the ustashas on the battlefields of Bosnia are most often described by the Croatian media as strategic retreats or, when a large number of casualties is at issue, as a massacre of civilians. It is obvious that Boban and Tudjman would like, in a rather masochistic way, to see Croats experiencing something similar to Ahmici and Stupni Dol [sites of massacres of Muslim civilians by Croat forces]. For several days this country's media have been citing a figure of 74 civilians killed in Krizancevo Selo.

The West European and other world TV broadcasters who are stationed only a few km from this village have not reported a single line about this case because they have, of course, found nothing to report.

Following the lies of the Croatian media, yesterday four European agencies, THE DAILY TELEGRAPH, CNN, the BBC, and REUTERS visited the site; they saw no trace of any massacre. The only thing they witnessed was the fact that the Bosnia-Herzegovina fighters in this area had scored yet another great military victory.

Izetbegovic, Turkey's Demirel Discuss Support

AU3012190993 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 30 Dec 93

[Text] Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, today held a telephone conversation with Suleyman Demirel, president of the Republic of Turkey. This was stated by the Information Service of the Presidency of Bosnia-Herzegovina.

Expressing interest in events in Bosnia-Herzegovina, Demirel told President Izetbegovic that Turkey will use its influence in the international community so that the integrity of Bosnia-Herzegovina is preserved. President Demirel will exchange messages on this with U.S. President Clinton, British Prime Minister Major, German Chancellor Kohl, Egyptian President Mubarak, and others.

Turkish Prime Minister Tansu Ciller, who will be taking part in the NATO session scheduled for 8 January next year, will support the participation of NATO forces in the implementation of the peace agreement on Bosnia-Herzegovina, if such an agreement is reached.

Pakistan's Sharif Urges Lifting of Arms Embargo

AU3012195393 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 30 Dec 93

[Report by Nedzar Leko; passages within quotation marks are recorded]

[Excerpt] Former Pakistani Prime Minister Navaz Sharif, who is visiting Bosnia-Herzegovina, held a news conference today. Nedzar Leko reports:

[Leko] At the beginning of the news conference Navaz Sharif explained the purpose of his visit:

[Sharif, in English fading into Serbo-Croatian translation] "The purpose of my visit to Bosnia is to express solidarity with the heroic struggle of the Bosnian people.

This is also a humanitarian mission, whose aim is to establish the facts. I wanted to find out what could be done to lessen the suffering of the Bosnians so that I could help the Bosnian cause on the political and diplomatic front.

"Of course, Bosnia must be given much more attention than the international community has done so far. The international community does not have a clear picture of Bosnia. I am referring to a section of the international community, which does not support the Bosnian cause in the way it should, not even as regards humanitarian aid. The international community should be much more active in supporting the Bosnian cause.

"We have now seen the situation ourselves. In the past, we only heard on television or read in the newspapers that the situation in Bosnia-Herzegovina is very grave. It is painful to see that the Bosnians are compelled to live in a situation such as this, while the world is still not doing anything about it."

[Leko] In his introductory speech, Navaz Sharif also spoke about the double standards of the world, demanding that an end be put to it.

[Sharif] "While the victims of aggression, the Bosnians, are continuing to suffer, the aggressor is neither being halted nor punished. Bosnia is not only an Islamic or European issue. This is an international humanitarian issue, because crimes are here being committed against humanity and human rights are being violated. This must be stopped.

"We think that the lifting of the arms of embargo is something that should be done so that the Bosnians can defend themselves. Also, it must be made possible for humanitarian aid, food, medicine, and clothing, to arrive in Bosnian unobstructed. These are the main things that should be done with regard to Bosnia. This task should be undertaken by the United Nations and the international community."

[Leko] Replying to journalists' questions on the causes of the inefficiency of the Organization of Islamic Countries, Navaz Sharif said:

[Sharif] "It is a pity that not enough is being done. Actually, the international community is rather indifferent, and I think that the Organization of Islamic Countries must mobilize itself more. Pakistan will play an important role with regard to demands for the lifting of the arms embargo. It will not be enough only to lift to the embargo. A way must be found to deliver it [arms] to Bosnia. The prevention of arms deliveries to Bosnia is sheer discrimination and we will use diplomatic channels to influence those countries that are opposed to the lifting of the embargo into changing their view." [passage omitted]

UN Commander Criticizes Efforts for Peace

LD3112154193 Paris France-Inter Radio Network in French 1500 GMT 31 Dec 93

[Text] In Bosnia General Briquemont, Gen. Morillon's successor, is increasingly bitter and is quite open about it. The Belgian general said that the activities of the UN force in Bosnia were completely paralyzed by the lack of personnel and political will. This inefficiency undermined the credibility of future UN operations. Interviewed in his office in the UN peacekeepers' barracks near Sarajevo hospital, Gen. Briquemont wondered whether the leaders of the three warring parties cared at all about the fates of their compatriots. They talk only about their war aims and objectives, he said, adding: I think that they like power above all else.

The United Nations, however, is also guilty in the general's eyes. It has voted resolution after resolution without giving itself the means to implement them effectively. There is a yawning gulf, he said, between all the UN resolutions and the means made available to implement them on the ground. The general estimated that he needed at least a further 10,000 men in order to carry out his mission in Bosnia. Instead of that, he said, France and Great Britain speak of withdrawing their contingents in the spring if there is no sign of solution to the conflict.

Cot 'Tired' of Being 'Permanently Humiliated'

LD0201204894 Paris France-Inter Radio Network in French 1800 GMT 2 Jan 94

[Text] General Jean Cot, UN Protection Force commander in the former Yugoslavia, is tired of seeing his men being permanently humiliated and shot at without being able to shoot back. He believes that western diplomats must now show more resolution in the Geneva talks because, he says, this is the last straw. General Jean Cot was interviewed on the phone by Bertrand Vannier this afternoon:

[Begin Cot recording] The last straw is that I have the feeling, indeed the conviction, that the Bosnian Serbs reckon that we are pawns in their political game. This seems totally unacceptable to me. It must be understood that if the international community is indeed totally at the service of the warring parties to find a solution, it cannot agree to all the humiliations that are inflicted on it. We will have to make choices.

Mr. Stoltenberg and Mr. Owen cannot act in Geneva as if, here on the ground, we did not have 30,000 soldiers subjected to pressures by all and particularly by the Bosnian Serbs. I believe that we will have to choose and that we cannot act as kind go-betweens in Geneva, in the UN conference halls, while abandoning the force, which after all is the armed tool of the international community, in its current situation here on the ground. [end recording]

Army Commander Addresses Fighters, Citizens

AU3112165293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 31 Dec 93

[Text] Army General Rasim Delic, commander of the General Staff of the Supreme Command of our Army, addressed the fighters of the Bosnia-Herzegovina Army and the citizens of our country. Here is what he said in his message:

[Begin Delic recording] Behind us is a difficult, war-ridden 1993 during which the brutal aggression on our homeland continued. Despite the unjustly introduced embargo, the fact that the world indifferently observed the war horrors in Bosnia-Herzegovina, and the difficult conditions in which members of the Armed Forces of the Republic of Bosnia-Herzegovina waged the war, they endured in their heroism and defended their homeland and people.

As a soldier of the Army of the Republic of Bosnia-Herzegovina, I would like to wish to all the fighters of the Armed Forces, all patriots of Bosnia-Herzegovina, in both free and occupied territories, that next year, 1994, will be a year of freedom and peace. I want arms in this region to go silent. I wish for a just peace for Bosnia-Herzegovina and its people. I want people to return to their homes, families, and jobs that they performed in peace. Our people—and by this I mean all citizens that consider Bosnia-Herzegovina their homeland—have the right to that because of the sacrifices they made in this struggle.

Regardless of everything, my message to all fighters is to remain firm and ready to stop all future offensive intentions of the aggressor. If the peace negotiations fail, we must be ready to secure the freedom and peace of our people with arms and, above all, enable them to return to their centuries-old hearths.

I appeal to all those who have so far not fully participated in the struggle not only to fully contribute with arms next year, but to also strengthen in all other ways the front of our just struggle for the freedom of the Republic of Bosnia-Herzegovina.

I wish the fighters all the luck in their honorable tasks and peace and freedom to all citizens of our homeland. [end recording]

UN Sarajevo Headquarters Hit by Shell

LD0101133394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 Jan 94

[Text] Last night, 15 minutes after midnight, a shell fired from a Serbian position hit the PTT Engineering building, the Sarajevo headquarters of UNPROFOR [UN Protection Forces], UN Major Manuel Capea told the Bosnia-Herzegovina press. The shell hit the duty-free shop and slightly damaged the news conference hall.

Yesterday, throughout the day, the aggressor fired 54 shells at the city. During the night another 93 shells landed on the city. This morning there were bouts of intense sniper fire. According to UNPROFOR, yesterday five Sarajevans were killed and 40 wounded.

The people of Sarajevo welcomed 1994 without water and electricity.

Karadzic Denies Serbs Shelling Sarajevo

LD0101163194 Belgrade TANJUG in English 1608 GMT 1 Jan 94

["Pool" item]

[Text] Sarajevo, Jan 1 (TANJUG)—Bosnian Serb leader Radovan Karadzic has denied reports by foreign agencies that Bosnian Serbs shelled Sarajevo on Friday. In connection with agency reports that four civilians were killed and several others wounded in Sarajevo, Karadzic told TANJUG that this was a new attempt by the Moslems ruthlessly to manipulate the international public.

"Anyone in the world who has followed this bloody civil war at all could have guessed that the Moslem side would stage some New Year's gift to the international audience," said Karadzic.

"This is by now largely a crime against one's own people, which the Moslem leadership has been perpetrating constantly, and the international public should finally expose it by publishing the naked truth that Moslems do not care even for their own citizens since their slogan is—the end justifies the means," said Karadzic.

In the meantime, the Bosnian Serb parliament late on Friday temporarily ended a regular session. It was ruled that a report on the peace talks on Bosnia-Herzegovina, which were held in Geneva and Brussels in December, and a debate on this major subject of the current session be put off for the next session, which has been scheduled for January 10.

Mladic: End to War 'Not Yet in Sight'

LD0201163394 Belgrade TANJUG in English 1546 GMT 2 Jan 94

["Pool" item]

[Text] Bileca, Jan 2 (TANJUG)—Commander of the Bosnian Serb Army's General Staff General Ratko Mladic has said that the end of war in the former Yugoslav Republic of Bosnia-Herzegovina is not yet in sight despite the Serb side's utmost efforts to have peace restored.

The Bosnian Serbs have to be ready to protect themselves and if forced, to continue the war till final victory, because "our enemies, backed by the German factor, the

United States and Islamic countries, are committed to resuming the war," said General Mladic in his new year's and Christmas message.

In Bosnia-Herzegovina, the civil war between three communities—Moslem, Serb and Croat—has been going on for more than 20 months now. After the forcible secession of Bosnia-Herzegovina from the former Yugoslav Federation and the outbreak of the civil war, the Bosnian Serbs and Croats proclaimed their national states on their ethnic territories.

The Moslem side, however, continues to aspire to a unitary Bosnia-Herzegovina in which they would dominate as the most populous community.

General Mladic assessed that the Bosnian Serb Army, together with its people, achieved great results in protecting the Serb population and territories last year through their defensive and liberation war which had been forced on them.

The results achieved on a military plane, the message said, were the key presumption for our state and political leadership, to struggle internationally for the recognition of the Serb republic and for the exercise of their natural law to be masters of their own fate in their own home.

UNPROFOR Spokesman: Truce 'Nonexistent'

AU0301121594 Paris AFP in English 1142 GMT 3 Jan 94

[Text] Sarajevo, Jan 3 (AFP)—Sarajevo was mainly calm early Monday [3 January], although a Christmas truce was still being breached in a number of other Bosnian areas, a UN spokesman said. Idesbald van Biesebroeck, a spokesman for the UN Protection Force (UNPROFOR), said the truce, signed on December 23 and set to last though January 15, was "non-existent."

"The last two days have been very quiet in the whole of Bosnia-Herzegovina, except Sarajevo, Mostar and Bihac," he said. In Sarajevo "the situation remains unstable," he said, although there was little or no fighting Monday morning. Heavy arms fire could be heard at the end of the morning from the north of the city, and small arms fire downtown. He said UN observers had counted more than 300 shells fired by Sarajevo's Bosnian Serb besiegers Sunday, countered by some 30 Bosnian army shells in return.

In one incident, a Norwegian C-130 Hercules military transport aircraft was hit by small arms fire Sunday as it prepared to land in Sarajevo, UN High Commissioner for Refugees spokesman Ray Wilkinson said Monday. The plane was only slightly damaged and the airport remained open. In the past similar incidents have led to the suspension of aid flights into the Bosnian capital.

Eighty percent of the shelling targeted military areas north of Sarajevo, including Vogosca, Zuc, and Rajlovac, he said, but added that shells had landed on residential areas, killing one person and injuring seven.

In central Bosnia the situation was mostly calm, except for the regions of Busovaca and Dubravica, south of Zenica, 50 kilometers (30 miles) west of Sarajevo, Wilkinson said. The region was the scene of violent mortar and small arms clashes between the Moslem-led Bosnian Army and Bosnian Croat (HVO) forces Sunday, he added.

In the southern city of Mostar, where HVO forces have been besieging the Moslem section of town, "the level of military activity lowered," van Biesebroeck said. But shooting continued, with the Bosnian Croats firing some 20 mortar shells into the Moslem eastern sector of the city on Sunday.

Fighting had intensified in the northwestern separatist Bihac enclave between forces loyal to rebel leader Fikret Abdic and the Bosnian Government forces, with clashes particularly fierce north of the town of Cazin, he said.

Muslims Report Croat Attacks on Mostar

LD0101203294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 1 Jan 94

[Text] Two people were killed and six wounded in the free part of Mostar in last night's large-caliber artillery attacks from Croatian Army and HVO [Croatian Defense Council] positions, the 4th Corps press center reports.

Today the ustashas directed most of their attacks on Blagaj, targeting it with more than 100 destructive shells and causing fresh casualties and considerable material damage. This town, which is also inhabited by several thousand refugees, was targeted by the ustasha artillery for two hours. Fourteen people were wounded in these bestial attacks by crazed supporters of the vampire from Grude [reference to Herceg-Bosna president Mate Boban]. Despite the increasing aggressor attacks on the free part of the Mostar municipality, the demarcation lines have remain unchanged and firmly controlled by the 4th Corps units.

NATO Planes Said To Fire on HVO Helicopter

LD0201190894 Zagreb HTV Television in Serbo-Croatian 1830 GMT 2 Jan 94

[Text] In Mostar today passed off relatively peacefully, though the political administration of the defense ministry of the Croat republic of Herceg-Bosna, in a special statement this evening, notes an irrational act by NATO planes which at 2055 on 31 December fired at least two short bursts in the direction of a Croatian Defense Council [HVO] helicopter, which was flying to Nova Bila with the aim of evacuating the wounded from the Franciscan hospital.

The helicopter was forced to return to base despite the fact that advance notice of its flight had been given to the UN Protection Force. The act is incomprehensible, the statement says, because the Croatian side has made it clear that it would support all humanitarian actions—

something which it recently confirmed in practice when it allowed a Muslim aid convoy to pass through territory controlled by the HVO.

HVO Warns of Effects of Vitez Plant Explosion

LD0201171194 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 2 Jan 94

[Text] The Croatian Defense Council's Vitez operational group today warned the UN Protection Forces and other international organizations about the consequences of a possible explosion of the ammunition factory in Vitez. This factory stores explosives and dangerous chemicals, and if it is blown up by the defenders or as a result of Muslim shelling everything within a 3 km radius would be destroyed.

A document issued by the Vitez operational group also warns that toxic gases would affect people living from 2 to 15 km from the factory. Snow, rain, and fog could reduce the effect of toxic clouds to a certain extent, but in any case the safety zone for the population of the area would be at least 20 km away from the epicenter of the explosion, the Vitez operational group warns in the document.

TANJUG Reports Further Inter-Muslim Clashes

LD0201181294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1705 GMT 2 Jan 94

[Excerpts] Bihac, 2 January (TANJUG)—Inter-Muslim clashes in Cazinska Krajina continued today along all demarcation lines, but were of somewhat less intensity than over the past few days, local Muslim information media report.

Muslim radio in Bihac reports that forces of the army of the autonomous province of Western Bosnia were in action today, using light weapons along demarcation lines in the immediate vicinity of Cazin; no mention was made of the killed or injured. The same source adds that during the day there were also clashes near Todorovo, Sturlic, and Trzacka Rastela. [passage omitted]

The Muslim media in the Bihac area report that there is real chaos in Bihac itself. Clashes between Izetbegovic's Muslims and the Croatian Defense Council [HVO] are still going on, and relations between the HVO, commanded by Major General Vlado Santic, who is otherwise a follower of Fikret Abdic, and the Croatian Democratic Community, led by Dr. Ante Santic, are increasingly tense. The most distinguished people on the opposing sides are being liquidated in the town. There are an increasing number of incidents of shots being fired from light weapons and the town reverberates with the noise of explosions.

Fighting Continues Over New Year

LD0201155994 Belgrade TANJUG in English 1542 GMT 2 Jan 94

[Text] Belgrade, January 2 (TANJUG)—Heavy fighting continued in the former Yugoslav republic of Bosnia-Herzegovina over the new year holidays, despite an agreement reached by the three warring sides to halt hostilities from December 23 until January 15. Moslem forces continued attacks on Serb positions and villages on fronts in the wider region of Doboj in northern Bosnia-Herzegovina, the Doboj operative group of the Bosnian Serb army said on Sunday [2 January]. Moslem forces were the most active in the eastern part of the Ozren front, the source said. The villages of Milino Selo and Vozuca took the brunt of the attack. Moslem forces attacked Serb defence positions in the region of Foca and Cajnice in southeastern Bosnia-Herzegovina from the direction of Gorazde on Saturday night, the Herzegovina Corps in Bileca said on Sunday morning.

Moslem-Croat conflicts also continued last night and this morning in southern Bosnia-Herzegovina and in its central part. Croatian radio reported on Sunday morning that Moslem forces last night attacked Bosnian Croat positions in the region of Mostar with infantry and artillery weaponry. Moslem Radio Sarajevo said that Croatian forces fired more than a hundred shells on Blagaj in southern Bosnia-Herzegovina on new year's eve and on Saturday.

Presidency Introduces Defense, Reconstruction Tax

AU0201211294 Paris AFP in English 2048 GMT 2 Jan 94

[Text] Sarajevo, Jan 2 (AFP)—Bosnian wage earners are to pay 10 percent of their net income towards the costs of defending and rebuilding their country, Bosnian television said Sunday [2 January]. The new defence and reconstruction tax, which is effective as of this month, was agreed in a law passed by Bosnia's collective presidency, the television said. It will be levied on Bosnians living in Bosnia-Herzegovina and on Bosnian nationals working abroad. Observers noted were the main targets of the new legislation [sentence as received]. A presidency statement said: "Bosnian workers abroad will thus be able to participate in an organised way in efforts to defend the country."

Tudjman: Muslims Threatening Survival of Croats

LD3012230793 Belgrade TANJUG in English 2234 GMT 30 Dec 93

[Text] Belgrade, December 30 (TANJUG)—Croatian President Franjo Tudjman stated Thursday [30 December] that the offensive of the Bosnian Moslems threatened the survival of the Croatian enclaves in central Bosnia and added he expected international pressure to prevent this, REUTERS has reported. In a television interview, Tudjman, whom the British news agency termed "patron of ethnic Croat forces in Bosnia's war," accused the army of the Bosnian Moslem Government of trying to push through to the Adriatic Sea and split Croatian territory.

"They even have plans to push through to the sea and split Croatia. Such plans are similar to the Serbs' plans. We can expect the world will put more pressure of the Moslem leadership (to stop fighting," Tudjman said in the interview. A civil war raged for 20 months in Bosnia between the local Moslems, Serbs and Croats. Regular troops of the Republic of Croatia were fighting on the side of the Bosnian Croats.

Tudjman Receives Giscard d'Estaing

LD3112134893 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 31 Dec 93

[Text] Croatian President Dr. Franjo Tudjman received in the Presidential Palace this morning Former French President Valeriy Giscard d'Estaing, and chairman of the Foreign Affairs Committee of the French National Assembly.

The high-ranking guest who arrived in Zagreb this morning, is to travel on to Glina this afternoon where he is to pay a visit to French troops of the UN peacekeeping forces in Croatia. Tomorrow afternoon the former French president is to fly to Sarajevo from Zagreb.

TANJUG Reports Mobilization of Bosnian Croats

LD3012213493 Belgrade TANJUG in English 2058 GMT 30 Dec 93

["Pool" item]

[Text] Zagreb, December 30 (TANJUG)—The Croatian Helsinki Committee warned Thursday [30 December] that mass mobilization was carried out in the past few weeks in the Republic of Croatia of those born in Bosnia-Herzegovina in order to send them to the battle fronts in this war-torn former Yugoslav republic.

A committee statement said several thousand people have already been mobilized. They were at the barracks of the Croatian Army and wearing uniforms without any insignia. Noting that those mobilized were citizens of Croatia, the committee noted that the Croatian authorities "did not adhere to international provisions" which "most strongly forbid sending soldiers of one state to fight in another state."

A civil war raged in Bosnia-Herzegovina for more than 20 months between the local Serbs, Moslems and Croats. The Bosnian Croats have from the very beginning been assisted by several tens of thousand of troops of the regular Army of the Republic of Croatia. The Croatian Helsinki Committee demanded the Croatian authorities immediately halt such activities, condemn them and promise a thorough and urgent enquiry as well as open disciplinary and court proceedings against the officials involved.

The statement also demanded an enquiry into the fate of all the soldiers, Croatia's citizens, sent to Bosnia-Herzegovina whose whereabouts were presently unknown, as well as the return of all those mobilized and already sent to Bosnia-Herzegovina. The committee, as set out, was in possession of documents showing that disciplinary measures were taken against the soldiers serving in Croatia's Army who have refused to go to Bosnia-Herzegovina as well as that they were threatened with court-martial.

Some of the soldiers who refused to take part in the latest preparations for going to Bosnia-Herzegovina "were beaten up at the barracks," while others were threatened "to have their citizenship certificates taken away and inviting trouble for their families," the statement of the Croatian Helsinki Committee said.

Refugee Convoy Arrives in Split

AU3112081493 Paris AFP in English 2341 GMT 30 Dec 93

[Text] Zagreb, Dec 31 (AFP)—A convoy carrying about 750 Bosnian Moslems and Croats civilians out of Sarajevo arrived late Thursday [30 December] at the Croatian port of Split, the official Croatian agency HINA said. The refugees, mainly women, children and elderly, left Sarajevo on Tuesday evening on board 16 buses. They will be housed temporarily in a sports centre in Split, before being transferred to refugee camps or leaving for new lives in another country.

Many of the refugees had no documents with them, which created long hold-ups at the Croatian-Bosnian border, the Croat refugee office said quoted by HINA. Bad roads and a spate of technical hitches also delayed the convoy's progress. UNHCR spokesman Ray Wilkinson said earlier Thursday in Sarajevo: "It was not anticipated that it would take so long."

Wilkinson said the UN High Commissioner for Refugees (UNHCR) was going to feed the evacuees before the last leg of the journey Thursday from Metkovic on the Croatian border to Split, 120 kilometres (70 miles) to the north. "These people are probably quite hungry, since they had only a few food supplies with them when they left Sarajevo on Tuesday," he said.

A group of 150 Bosnian Serbs evacuated the same day, heading for Belgrade, arrived in Serbia on Wednesday.

Drnovsek Warns Croatia on Mutual Problems

LD0201191794 Belgrade TANJUG in English 1909 GMT 2 Jan 94

[Text] Ljubljana, Jan 2 (TANJUG)—Slovene Prime Minister Janez Drnovsek on Sunday warned the leadership of the neighbouring Republic of Croatia that 'Slovenia may take a firmer stand towards Croatia as regards the resolution of mutual problems.' Drnovsek told Ljubljana Television that so far it has been Slovenia alone that has initiated talks, 'sticking by what is termed a soft stand.' That was why Slovenia decided to 'cool off relations for Croatia to realize that this problem must be of joint concern,' said Drnovsek.

In recent months, Slovene-Croatian relations have been broken off entirely, as was asserted also by Slovene Foreign Minister Lojze Peterle. One-time firm alliance between Ljubljana and Zagreb in breaking Yugoslavia has been affected by a series of outstanding territorial and other matters [sentence as received].

The central problem is posed by a future sea border in the Piran Bay. Both sides adhere to their origiinal stands—Slovenia insists on the current border, Croatia on a redrawn border. The settlement of the sea border issue, analysts believe, might engage also an international arbitration. In that case an additional weight would be put on what are at this time only minor territorial questions.

FRY Visas Only To Be Issued at Consulates

AU3012193893 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 30 Dec 93

[Text] The Slovene Foreign Ministry has announced that from the beginning of 1994 citizens of the so-called FRY will have to obtain an entry or a transit visa from the closest diplomatic or consular mission of the Republic of Slovenia abroad prior to entering our country. The conditions for issue of visas remain unchanged, but as of tomorrow the Slovene border authorities on international border crossings will no longer issue visas to the Yugoslav citizens.

Federal

Government 'Profoundly Regrets' UN Resolution

AU3112153693 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 31 Dec 93

[Text] The Government of the Federal Republic of Yugoslavia profoundly regrets the resolution on the situation in the former Bosnia-Herzegovina, which was recently adopted by the UN General Assembly. This was stated in a letter sent to UN Secretary General Butrus-Ghali by Dragomir Djokic, head of the Yugoslav mission in the United Nations, on behalf of the Yugoslav Government.

The assertion by the authors of the resolution that Bosnia-Herzegovina is the victim of Serbian aggression has been refuted in practice with fierce fighting between the Bosnian Croats and Muslims. The authors of the resolution, the letter states, ignore the fact that it is the Bosnian Muslims who have been persistently obstructing the peace process in the past few months and refusing to accept and implement the agreements that the cochairmen of the conference on the former Yugoslavia consider realistic and just.

The Yugoslav Government rejects the accusations about concentration camps throughout the Federal Republic of Yugoslavia and stresses that such camps are run by the Bosnian Muslims and the Bosnian Croats.

The resolution also mentions the violation of human rights of ethnic Albanians, Bosnians, Hungarians, Croats, and others in Kosmet [Kosovo-Metohija] and Vojvodina, which is not only something that the resolution should not be dealing with but also represents an unprecedented fabrication and distortion of the truth, the letter states.

Particularly unacceptable is the fact that Security Council Resolution 820, which was imposed on the Federal Republic of Yugoslavia because the Bosnian Serbs rejected the Vance-Owen plan, is still in force, even though cochairmen David Owen and Thorvald Stoltenberg have abandoned the plan themselves. This was pointed out by Ambassador Djokic in the letter to Butrus-Ghali.

Statistics Bureau Notes Dec Inflation Rate

LD3012162093 Belgrade TANJUG in English 1554 GMT 30 Dec 93

[Text] Belgrade, Dec 30 (TANJUG)—Inflation in Yugoslavia in December alone will stand at one million percent, the Federal Bureau of Statistics said on Thursday [30 December]. Retail prices will be 1,790 times higher than in November, and living expenses will increase 2,839 times.

The draconic sanctions which the U.N. Security Council imposed on Yugoslavia in late May of 1992 have resulted in severe shortages of goods, a monetary chaos and general impoverishment of Yugoslavs the majority of whom now live on a subsistence level.

Prime Minister Seeks Help From IMF

LD3012130893 Belgrade TANJUG in English 1041 GMT 30 Dec 93

["Pool" item]

[Text] Belgrade, December 30 (TANJUG)—Yugoslav Prime Minister Radoje Kontic has asked the general director of the International Monetary Fund (IMF) to dispatch a mission to Yugoslavia to acquaint itself with the government's anti-inflationary programme and a monetary system reconstruction programme prepared for January 17. Letters with the same content were sent on Wednesday to the president of the World Bank amd the president of the European Bank for Reconstruction and Development. Kontic wrote that inflation of more than 20 per cent a day was causing the withdrawal of goods, services and factors of production from the market.

The government is aware of the urgency of stabilizing the national currency and putting the financial system back on its feet in order to save the economy, he wrote. The inflation is especially hard on the sick and the poor, Kontic wrote. The Federal Republic of Yugoslavia is hit by the world's highest inflation as a result of international economic sanctions imposed 19 months ago. Production is paralyzed, imports and exports are banned, and the country's assets are frozen in foreign banks. Retail prices rose by more than 20,000 per cent in November alone.

Kontic invited an IMF mission to visit Yugoslavia any time before January 14. The start of monetary reconstruction is scheduled for January 17. The government has requested the UN Sanctions Committee to take action to release Yugoslavia's assets abroad (National Bank reserves and commercial bank deposits), Kontic wrote. These funds would be used to prop up the national currency and soften the transition from inflationary financing to an economy backed by a sound currency, he wrote. The initiative for these activities was given by Serbian President Slobodan Milosevic, Kontic wrote.

A team of experts has advised Kontic to start monetary reconstruction on January 17 even if his request is turned down by the international institutions concerned. The experts estimate there will be a deficit of some 800 million [figure as received] during the first half of the year. The deficit, they say, could be covered by releasing the foreign currency reserves of the National Bank and commercial banks. This could be done by lifting the sanctions or finding other ways of giving Yugoslavia access to these funds.

Serbia

Milosevic Addresses Citizens on New Year's Eve

AU3112194493 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 31 Dec 93

["Exclusive" statement by President Slobodan Milosevic for Belgrade Radio and Television; place and date not given—recorded]

[Text] Behind us is not only a difficult year of great self-sacrifices and great efforts but also of a great solidarity in the realization of the vital interests of our country, all citizens of Serbia, and our nation. In the past year, we managed to create the conditions for achieving a just solution to the Yugoslav crisis. We succeeded in this because our policy has been just and based on the inalienable right of our country and our people to protect their historical, state, and national interests but also based on the principle of respecting the same rights of other peoples.

Today, no one—neither throughout the former Yugoslavia nor in the world—can deny Serbia, its citizens, and the Serbian people their persistent and lasting endeavor for peace. We can, therefore, freely say that we quite justifiably expect that the coming year will bring a lasting and just peace.

Great mobilization for work and economic recovery are awaiting us in the new year. We expect the implementation of a comprehensive economic program, on which we have been working for some time and whose preparations have been carried out and completed in the last few days, to commence at the beginning of the year. This program aims to curb inflation, stimulate production, make public expenditures and social policy rely on realistic sources of funds, and eliminate speculations.

Everyone will have to bear some of the responsibility. This equally refers to the governments at the federal and republican levels, businessmen, trade unions, workers, peasants, and all citizens. Under such conditions, our economic recovery will be possible, and this is why resolving the amassed problems of our economy will be focused on next year.

Along with the struggle for economic recovery, we will fight a merciless battle against all forms of crime, because crime is incompatible with the nature of a free and democratic society. Serbia and its citizens and the entire Serbian nation have great potentials for a successful economic and cultural development. Next year will be crucial for the quick realization of these long-term aims.

I wish you all much success and a happy New Year.

Options for Forming New Government Viewed

AU0101212094 Belgrade BORBA in Serbo-Croatian 29 Dec 93 p 12

[Article by Veselin Simonovic, Miroslav Mikuljanac, and Vukan Simonovic: "Everyone Together or No One at All!"]

[Text] Ten days after the elections it is certain that the Serbian citizens have failed to live up to the expectations of the Serbian president who had hoped that his party would win an absolute majority and would form a government without any problems. The Socialists hope that, although relative victors, Slobodan Milosevic will give them the mandate. This will probably happen, since none of the opposition parties have expressed the desire to form a party [stranacka] government or even a coalition government.

All parliamentary parties have also announced that they would not support a Socialists' minority government. Zoran Djindjic, chairman of the Executive Council of the Democratic Party [DS], is the only one currently proposing a solution that could perhaps save the day. His proposal to form a government of national salvation (in which neither the mandator nor the majority of the ministers would be from the Socialist Party of Serbia [SPS]), has been decisively rejected only by the SPS and the Radicals. If the Socialists continue to insist on ruling alone, all the opposition leaders foresee new elections as early as spring.

According to constitutional procedure, the new parliament should meet 20 days after the final electoral results are announced. In the meantime, the president of the republic should appoint a mandator for forming the government, after which the deputies would have two months to discuss the forming of the new government. If they are unable to do this within the allotted time limit, the assembly is automatically dissolved and new elections are held.

"The Montenegrin Recipe"

The Socialists announced their electoral victory as early as the electoral night of 19 December, after which they announced that they would form the new government alone. The euphoria, however, did not last long, and, just a few days after Ivica Dacic's statement that the SPS would not form a coalition with anyone, they sobered up and announced the "Montenegrin recipe." Yesterday Dacic said that the Socialists might offer a ministerial department or two to everyone except the Radicals.

Since all the parties have stated that they do not wish to be part of a Socialist government, the SPS might employ another maneuver, and, under the pretext of an expert government, win over certain opposition parties. According to Dacic, however, this is in Slobodan Milosevic's domain and not the SPS's.

For the time being, the SPS is still considering a mandator from its own ranks. The names that have come up are those of Dragan Tomic, manager of Simpo, Oskar Kovac, Zeljko Simic, and even Radoman Bozovic. In case this is not accepted, the SPS might consider a new Panic, or Zoran Djindjic, as the "least of opposition evils."

The Socialists have lately been toying with the possibility of securing the necessary three votes with the deputies from ethnic minority parties. The coalition of the two Albanian parties from southern Serbia has decisively denied the possibility of supporting the SPS. Moreover, the Socialists will not get the three votes from the Democratic Community of Vojvodina Hungarians [DZVM]. Caba Sepsej, DZVM vice president, said for BORBA: "I personally think, and I believe that this opinion will be accepted by my colleagues from the

party, that we are not the ones who should make decisions about the government in Serbia. This is an issue that should be solved by the parties of the majority people. We are, of course, always in favor of democratic options, the end of the war and integration into European trends, yet it seems we have no influence over any of this. The majority people's parties are unanimous in this, just as they are in relation to minorities."

Djindjic Is Ready

Some opposition parties see Zoran Djindjic as being the "savior" of the Socialist majority. In a statement to BORBA, Djindjic decisively rejects the possibility of DS deputies supporting a minority government of the Socialists or any other coalition government in which the Socialists would have the majority.

In order to have a capable and efficient government, which we have not had so far, it has to be trusted by the majority of the parties in the parliament. Parties that wish to form a party government do not respect the will of the people and show that their only goal is power.

The greatest responsibility lies with the largest party, adds Djindjic. First of all we need to establish the concept of the new government and find the smallest common denominator, which at the moment is solving the basic problems of the people. If this were the new government's program, every party would support it. In order to form a government of national salvation everyone should take a step back from party interests in favor of national interests. I am ready to support such a government even if not a single one of our members is in it, claims Djindjic. He also stresses that he is ready to take on the responsibility and role of mandator of such a government. In response to accusations of SPS leaders that he is courting the Socialists, Djindjic says that this is illogical and strange, even for Seselj, who is known for his "strange logic." "If I am proposing a solution that will end the SPS's monopoly on power, I fail to see how this could be interpreted as courting the Socialists. The SPS must be ready to make the greatest sacrifices," says Djindjic.

Discontinuity of Power?

The new DS leader hopes that he will win the support of the Democratic Movement of Serbia [Depos] and the Democratic Party of Serbia's [DSS] support for such a government: "with the exception of cadre issues, they cannot have a different approach from us. A discontinuity of power must occur. A moderate variant of such discontinuity is possible only with a government of national salvation."

However, the other political power in Serbia—Depos—does not expect the president of the state to give them the mandate, and it seems that they also do not believe in the possibility of a coalition government of everyone with the exception of the SPS. Commenting on the proposals currently in circulation, Serbian Renewal Movement [SPO] spokesman Ivan Kovacevic said that he did not believe that anyone would vote for an SPS minority government, but he does not reject the possibility of discussing a government of the type proposed by the DS.

Two years ago we proposed a government of national salvation. Such a government should primarily create conditions for the first democratic elections. Such a government cannot be formed by the SPS and they cannot have the majority in it.

The DSS is convinced that the government will be formed by the SPS. That is a certainty, says Milorad Jovanovic, DSS spokesman, just as it is certain that the opposition will be against this government. Deputies of minority parties and perhaps some other parties could secure the majority for the SPS. The DS has, for example, showed the most affinity for such a possibility, whereas the DSS is the last one on the list of those who could agree to something of the kind. The SPS is in dire need of support, but judging by everything it does not have the possibility of forming a stable government, says Jovanovic.

Is a Parliamentary Crisis in View

The Serbian Radical Party [SRS] is convinced that the electoral results will lead to new elections. Vojislav Seselj, president of the SRS, says that there will be no support for an SPS minority government, but he also does not believe in the possibility of an opposition government or a government of national salvation. In response to what the Radicals role in this situation is, Seselj said that "we will continue along our path; we will neither support the SPS, nor will we oppose them in coalition with the DZVM."

Rumors that Milosevic will soon summon for consultations all party leaders with the exception of Vojislav Seselj testify to the fact that the Socialists will try to win over other parties for their "expert government." Milorad Jovanovic (DSS), however, believes that the SPS is not ready to look for a coalition partner and that is why he foresees "new elections, new hassles, and finally, the SPS deputies' loss of even the relative majority in the assembly. The current 123 will boil down to a realistic 80 to 90 mandates," says Jovanovic.

Ivan Kovacevic (Depos) also does not foresee a stable parliamentary future. "What will follow is a brief parliamentary crisis and new elections in the spring." Djindjic says that the only salvation for the Socialists' government would be for the parliament never to hold a session and to be dissolved immediately. In that case, the elections would take place as early as May. The Socialists probably expect that the sanctions will be lifted in the meantime, which could be an electoral point for them. Not all citizens will live to see that, and those that do survive will not be aware that elections are taking place, says Djindjic.

Train Drivers Agree To End Strike

LD0101215794 Belgrade TANJUG Domestic Service in Serbo-Croatian 2115 GMT 1 Jan 94

[Text] Belgrade, 1 January (TANJUG)—The independent train drivers' trade union of Serbia has adopted a decision to end the strike and immediately establish regular service throughout the territory of Serbia, the information center of the Belgrade public railway transport enterprise announced this evening.

There are no details in this laconic statement, which contains only one sentence, about the ending of the strike that has been going on since the day before yesterday in the afternoon, nor about what was agreed between employers' representatives and the government on the one hand, and the strike committee on the other. One thing, however, is certain: This was a particularly "nasty" strike in terms of its consequences for thousands of passengers who were unable to travel over the holidays and who suffered greatly in waiting rooms and on platforms.

Miners End Strike; Power Back to Normal

LD3112180093 Belgrade TANJUG in English 1713 GMT 31 Dec 93

[Text] Belgrade, Dec 31 (TANJUG)—Miners at Serbia's biggest coal mine Kolubara on Friday ended a three-day strike after negotiating a settlement with the authorities in the night between Thursday [30 December] and Friday.

Early on Friday afternoon, the Belgrade city transport was back to normal after its workers ended their several-hour stoppage. Like the workers in Kolubara, they went on strike demanding higher wages and better living standards. The strike of the 17,000 Kolubara workers in Lazarevac near Belgrade ended after the miners on Friday morning verified the agreement reached with the republic's electricity board and the government on Thursday night. The strikers demanded to receive their wages in German marks because of the galopping inflation which hit one million percent in December alone.

The disturbances in coal deliveries resulted in the suspension of operation of the thermal power plant Nikola Tesla in Obrenovac, which produces 50 percent of Serbia's overall electricity, due to which the Serbian electricity board started with several-hour brownouts on Thursday. Although the miners' strike has ended, it is not certain whether power supply in Serbia will be back to normal on Friday because of the disturbances in coal deliveries and electricity production or whether some parts of the republic will celebrate New Year's Eve in candlelight.

Dissatisfied with low wages, workers in the Belgrade city transport struck on Friday morning. The Serbian railways has been on strike for several days, along with some hospitals and gravediggers in Belgrade. A drastic fall in the living standards and record-high hyperinflation have been provoked by draconic U.N. sanctions introduced against Yugoslavia in late May of 1992.

Three-fourths of Serbia's industrial facilities have been standing still for months, while the remaining one-fourth operate at reduced capacities although they are not on strike. The average salary in Serbia is below 15 German marks, while one kilo of meat sells for 40 marks.

Opposition Supports Strike

LD3112151093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1358 GMT 31 Dec 93

[Text] Belgrade, 31 Dec (TANJUG)—The presidency of the Serbian Renewal Movement [SPO] and Depos [Serbian Democratic Alliance] demand that the Serbian Government immediately fulfill the Kolubara miners demands, a SPO Presidency statement, forwarded to TANJUG today, says.

In its message of support to the miners, the SPO says that "the disgraceful truth is that in todays's Serbia loiterers and criminals get rewarded while miners cannot afford a crust of bread."

"The SPO and Depos resolutely support the view that the authorities who cannot secure at least two things: That no one in Serbia is hungry and that every citizen's salary is enough to feed himself and his family, must be removed," the statement says.

The Civic Forum's [nonnationalist intellectual group] statement, also forwarded to TANJUG, says that "the latest events show that the authorities are trying to provoke the introduction of a state of emergency."

"The strikes by public services of vital importance for the functioning of our state and for citizens' lives, such as electricity supplies, railroads and local transportation, show that the authorities have decided to use these events to justify the introduction of a state of emergency," the Civic Forum's statement says.

Belgrade Facing Electricity Shortage

LD3112144693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1216 GMT 31 Dec 93

[Excerpts] Belgrade, 31 Dec (TANJUG)—Due to the shortage of electric power, Belgrade is now divided into only two blocs, instead of the previous four—those having electricity and those not. It is not known for how long this situation will last; it depends on the resumption of normal coal production in the Kolubara complex, Miodrag Simic, the technical operations manager of the Belgrade Electricity board said at a news conference today. [passage omitted]

According to information available to the Belgrade Electricity Board it is not certain that the miners will go back to work and resume coal deliveries. According to Simic, if the power plant in Obrenovac does not resume work,

half the Belgrade population will have only candles for light during New Year's Eve. [passage omitted]

Macedonia

President Gligorov Gives New Year's Address

AU3112123093 Skopje VECER in Macedonian 31 Dec 93 p 11

[New Year's statement by President Kiro Gligorov to delegates of People's Assembly; unattributed: "Conditions for Economic Revitalization"]

[Text] "I would refer to 1993 as the year of accomplishing our international legal and political recognition and sovereignty. Since 8 April of this year, the Republic of Macedonia has been a member of the United Nations. At this moment it has been recognized by more than 50 countries, some of which are of extreme importance, and the process of recognition by others has already been announced. Finally, the Republic of Macedonia has become an international reality. It is a new and prospective [as published] state in the Balkans, a factor of peace in the region." This, among other things, was emphasized by Macedonian President Kiro Gligorov in his new year's statement to the delegates and numerous guests at the 72d session of the Macedonian People's Assembly. He also made a review of everything that has been achieved during the past year, particularly what lies ahead of us and what our duties and obligations are in the year to come.

Talking about the current internal situation, President Gligorov pointed to the necessity of adopting a stabilization program. "That is, probably, the number one issue in Macedonia," he emphasized, and stressed reality as the only possible way of approaching that subject. According to him, reality means starting from the objective economic and social situation in which we find ourselves now, from its influence on the stability of the country, and the further reinforcement of its international position. "The Republic of Macedonia is in transition," he pointed out, "and we should make that period easier by opting for that which will exact the smallest economic and social price of all of us, without exception."

The second point of the review by President Gligorov within the framework of the stabilization program was the social and political security of the country. That is the basis on which the future development of democracy and construction of a legal state depends. Therefore, in the opinion of President Gligorov, besides the indispensable restrictions, the program should also take into account social endurance and establish a system for solving the social conflicts. In this context, he stressed the need for a speedier establishment of the judiciary system, because, in his words, it has a direct impact on the entire social and political stability of the state.

President Gligorov also said that "it is of special importance for us to create an economic, social, and political milieu that will guarantee the stability of interethnic relations in Republic Macedonia. We have been hearing for three years that Macedonia will 'without a doubt witness an interethnic conflict' and that will be the end of this state. But what has reality demonstrated? First, it demonstrated that such an interethnic conflict is not unavoidable if we have a clear political option, that this is the state and fatherland of all those living in it, that the nationalities must enjoy their rights, but also respect and perform their duties toward the state. Those rights must be realized and solved through dialogue, understanding, and political measures within the system and its institutions. And second, the realization of that unique alternative, as a guarantee to peace and harmonization of interethnic relations, is very much dependent on the economic and social status of the state."

As the last segment on the importance of the stabilization program President Gligorov stressed its influence on the reinforcement of the republic's international position. "That position," he said, "at this moment must, first of all, be bolstered on the economic plan and reaffirmed abroad. That is our real interest, but also it is in the interest of the international community at large. The stabilization and economic rise of Macedonia is an important part of that plan. Any other choice will either mean pushing the country into a hopeless isolation or placing it on the margins of the world economic market."

Continuing, President Gligorov made a special presentation on maintaining and reinforcing the security of the Republic of Macedonia. "Our republic, today, is on relatively stable foundations. However, we do not and must not underestimate those possible dangers, particularly because there is a bloody war going on in the region. That is why our basic idea is to make the Republic of Macedonia an equal member of the collective European and world security. The CSCE is the first link. However, it is of no less importance for us, in the interest of our own security and the security in the region, to be included, first of all, in the NATO Council, and then in NATO. It is therefore of extreme importance that the Macedonian People's Assembly has already come to a firm decision on that," President Gligorov emphasized.

"The foundations of the sovereign and independent state of Macedonia," President Gligorov said furthermore, "were lain on 8 September 1991. They were reaffirmed by the Constitution of the Republic and by the admission to the United Nations. The centuries long aspirations and wishes of the Macedonian people are our reality—what we are experiencing today—an independent and internationally recognized state, as a continuity of the 1903 Ilinden [the first Macedonian Republic in Krusevo], and the 1944 ASNOM [Anti-Fascist Council of National Liberation of Macedonia]. Honored delegates, there is no such a force that can change all that. Many have tried in the past three years, claiming from

the outside, that we are 'an artificial creation', a 'communist invention.' For the sake of the truth, all those claims have been exhausted. The Republic of Macedonia is a respected reality.

Allow me, in the end, to express my deep belief that the Republic of Macedonia is opening up a new page in its history. Its basic orientation will still be an independent state, with an open European option, fully integrated in the International Community and its security systems; a democratic state in which the interethnic relations are and will be regulated by international standards; a market economy and full candidacy in the world market.

That is why, finally, I stress the necessity for the People's Assembly and government, as well as for the other factors in the republic, to turn to economic and social questions, to the stabilization and development of our economy. That will ease the transition and create conditions for economic revitalization. That will be a thorny road, with problems and numerous sacrifices. However, there is no other road."

Congratulating the orthodox delegates and guests on the new year and the Christmas holidays, President Gligorov sent a message asking all of us to gather the necessary strength to completing that which began with the Declaration of Independence, the Constitution, and the realized international recognition, in order to leave to the next People's Assembly and Government a complete state with all its attributes.

[Box, p 11]

"Main Argument"

"The question of the economic survival of the Republic of Macedonia is a question of the intensive engagement of many in the Balkans. It was always offered as "the main argument", saying Macedonia could not survive as a state, because it was not able to survive economically on its own. That is why we have been exposed to various blockades in the past three years since our independence.

We demonstrated our ability to maintain our state under such conditions, taking into account its economic vitality and positive stimuli from privatization. We hear, even today, threats to destabilize us through economic measures.

However, the most important thing at this moment is for us not to allow an economic collapse inside the country, which would erode democracy, thus jeopardizing the life and stable fabric of our state. There is not one single political goal that could justify that," President Gligorov emphasized.

[Box, p 11]

End to Balkan Wars

"The question on the dispute over our name has acquired its real framework. It has been proven that we do not endanger any of our neighbors, and our independence and international recognition are not cause for a new Balkan war—on the contrary. We have demonstrated ourselves to be a factor that has impeded the expansion of the war to our southern border. We demonstrated that the independence of the Macedonian state is the key to peace in the south of the Balkans. Through all this historical mistakes have been corrected. It, independent Republic of Macedonia, put an end to the historical reasons for Balkan wars and conflicts; it impeded attempts for another division of Macedonia.

I deeply believe that knowledge about Macedonia being of vital interest for neighboring Greece will become more and more widespread. We have many more reasons to fully cooperate as good neighbors, instead of creating a new region of conflict in the Balkans," President Gligorov said.

[Box, p 11]

Moderation and Realism

"The difficult process of our recognition," President Gligorov said, "demonstrated that moderation and realism are the only possible routes in our foreign policy. It demonstrated that it is neither justified to idealize international relations and practice, nor to have a completely nihilistic attitude in that regard. Reality demonstrated that international relations and practice rely on real interests and principles. They can neither be idealized nor denied."

Diplomatic Ties Expected With Netherlands

LD3012174693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1619 GMT 30 Dec 93

[Text] Skopje, 30 Dec (TANJUG)—It was announced in Skopje today that the Macedonian Minister for Foreign Relations Stevo Crvenkovski, and Henrik Kurc, the charge d'affaires of the Dutch Embassy in the Federal Republic of Yugoslavia, exchanged diplomatic notes on the establishing of diplomatic ties between Macedonia and the Netherlands. It was also indicated today that a Polish Embassy would soon be opened in Skopje.

Statistics Official Summarizes Economic Indices

AU3112161293 Skopje MIC in English 30 Dec 93

[Unattributed report: "Economic Indicators: Conditions in the Macedonian Economy - 1993"]

[Text] The Macedonian economy will round off this year with a 14.5 percent drop in production, compared to last year, and also, as a result of the insufficient exploitation of the production capacities, the productivity of the labor is expected to drop 11.8 percent, according to Svetlana Antonovska, director of the republic's Bureau of Statistics.

The data about the population movements shows that the number of inhabitants in Macedonia is expected to

amount 2,084,000. The natural increase in population will note a 1.2 percent drop, and total some 17,008 people. The domestic product, per capita, calculated according to prices in 1985, will total $687 in 1993.

Analyzed according to branches, the biggest drop in production will be recorded in the field of non-metal production 42.6 percent, the production of leather goods 40.4 percent, and the production of non-metal minerals 36.8 percent. Contrary to this, high growth will be noted in only four branches, which take part in the structure of industrial production with 6.5 percent. The reduction of the physical volume of the agricultural production will total some 22.5 percent compared to 1992. The personal consumption, measured through retail trade sales in 1993, is expected to undergo a drop of 23.3 percent and the reduction in the number of shops will total 10.6 percent.

According to the previous data about the foreign-trade exchange of the Republic of Macedonia, during the first ten months, exports totalling more than $855 million have been achieved, and the imports total $915 million. Exports are covered by the imports with some 93.4 percent, and a deficit of some $60 million is appearing. Finished textile products, black metallurgy, electric machines, and appliances, comprise the major part of the exports, while the priority in the field of imports is held by the finished textile products, electric machines and appliances, oil derivatives and finished products.

The highest reduction in the field of consumption is expected to be achieved in the field of investments, which will be reduced 15 percent. According to the final statistics, this year's inflation will be 349 percent and the living costs, 362 percent.

The drop in the level of economic activity brought about a 4.5 percent drop in employment. The number of people searching for work will increase 1.6 percent and reach a level of 174,843 people.

The average net annual wage for 1993 was nominally increased +84 percent, and reached an amount of 3,710 denars. It is estimated that the increase in wages in the economy sector would total 463 percent, and in the non-economy, 536 percent. The total number of businesses is expected to reach the number of 57,721, which is 55 percent more than the situation from 31.12.1992. The privately owned companies are still the most numerous, comprising 93.9 percent.

Kosovo

Police Release 'Most' Sports Personalities

AU3012193993 Tirana ATA in English 0913 GMT 30 Dec 93

[Text] Tirana, December 30 (ATA)—Most of the people arrested at the sport banquet for declaring the best sportsmen of the year organized on December 28 and which was broken up by Serbian police were set free. Nevertheless Dr. Mazllum Belegu, president of the Sports Federation of the Republic of Kosova, and Azis Saliu, deputy chairman of the Olympic Committee of Kosova and president of Full-Contact Federation of Kosova, remain under arrest.

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